NAVAL POSTGRADUATE SCHOOL
Monterey, California

THESIS

B433326

The United States and India: Strategy for the 1990s

by

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June 1989

Thesis Advisor: Claude A. Buss

Approved for public release; distribution is unlimited.

T244325

Unclassified

Security Classification of this page

REPORT DOCUMENTATION PAGE

1a Report Security Classification: Unclassified	1b Restrictive Markings
2a Security Classification Authority	3 Distribution Availability of Report: Approved for public release; distribution is unlimited
2b Declassification/Downgrading Schedule	
4 Performing Organization Report Number(s)	5 Monitoring Organization Report Number(s)
6a Name of Performing Organization: Naval Postgraduate School; 6b Office Symbol (If Applicable): 32	7a Name of Monitoring Organization: Naval Postgraduate School
6c Address (city, state, and ZIP code): Monterey, CA 93943-5000	7b Address (city, state, and ZIP code): Monterey, CA 93943-5000
8a Name of Funding/Sponsoring Organization; 8b Office Symbol (If Applicable)	9 Procurement Instrument Identification Number
8c Address (city, state, and ZIP code)	10 Source of Funding Numbers: Program Element Number; Project No; Task No; Work Unit Accession No

11 Title (Include Security Classification): The United States and India: Strategy for the 1990s

12 Personal Author(s): Lt. Teresa L. Shanahan, USN

13a Type of Report	13b Time Covered From To	14 Date of Report (year, month,day)	15 Page Count
Master's Thesis		June 1989	126

16 Supplementary Notation: The views expressed in this thesis are those of the authors and do not reflect the official policy or position of the Department of Defense or the U.S. Government.

17 Cosati Codes			18 Subject Terms (continue on reverse if necessary and identify by block number)
Field	Group	Subgroup	India, U.S. Foreign Strategy, Indian Ocean Security

19 Abstract (continue on reverse if necessary and identify by block number

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20 Distribution/Availability of Abstract	21 Abstract Security Classification	
[X] unclassified/unlimited [ ] same as report [ ] DTIC users	Unclassified	
22a Name of Responsible Individual: Claude A. Buss	22b Telephone (Include Area code): (408) 646-2521	22c Office Symbol: 56 BX

DD FORM 1473, 84 MAR 83 APR edition may be used until exhausted

All other editions are obsolete

security classification of this page: Unclassified

Distribution unlimited; approved for public release.

THE UNITED STATES AND INDIA: STRATEGY FOR THE 1990S

by

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Lieutenant, United States Navy
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Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

ABSTRACT

This thesis recommends a policy shift based on evidence which shows that the United States could benefit from an improvement in relations with India. The problematic US-Indian relationship is traced from its inception in 1947. Political, economic and strategic benefits available through a policy shift are outlined. The most significant gain would be in the strategic sense, with India as a dominant regional actor maintaining regional peace and stability while keeping trade and communications lanes open. A concomitant and almost equally important benefit of such a policy shift would be the added political prestige or influence for the United States, especially within the Third and Non-Aligned Worlds. Finally, India represents significant economic potential for US investment and export. This study will also examine the risks inherent in the policy recommended.

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I. INTRODUCTION

The US-Indian relationship challenges the imagination. How could a pair more suited for cooperation or alliance be so mired in mutual indifference or even distrust? A reasonable explanation may exist for the chasm between the two at various intervals of the post-war period, but that explanation is no longer valid. While the cold war was at its height, the American concern was primarily the containment of its superpower rival; India's concern was to avoid alignment with either the United States or the Soviet Union. Now the focus is changing.

As it enters the 1990s, the post-war, bi-polar world is experiencing shifts in its foundation. Whether US-Soviet relations continue to improve or not, repercussions already are felt from the apparent super-power thaw. The impact is visible from the rumblings within NATO to the disruption of ANZUS. The world is determined to progress to some new stage, based not solely upon super-power nuclear deterrence but on a system of regional security groupings, depending upon each

nation-state's individual choice. The Indian Ocean is one such region.

It is my hypothesis that whether the US is a leader in the new system will depend largely on American policy undertaken today and in the near future. Within the Indian Ocean region, the destiny of the United States will be determined by the wisdom of its policy toward India. Even the built-in advantage of a common political system has proven inadequate for real US-Indian cooperation. This thesis examines the reasons for this inadequacy. In Chapter I, the US-Indian relationship is outlined from its inception to 1980. With a view toward improving the US position within the future framework of the Indian Ocean region, Chapter II reveals evidence of the systemic shift occurring within the international arena in the 1980s, particularly as these changes affect India and its ties to the US. Chapters III, IV and V detail the potential economic, strategic/military and political risks and benefits inherent in a US policy shift toward India. In summary, recommendations will be made for the implementation of a successful policy shift.

II. BACKGROUND FOR US INTERESTS TO 1980

The United States and India each have traditionally perceived the other as being only marginally within its national interest. For the United States, the British colonial territory seemed remote and inaccessible. President Franklin D. Roosevelt made efforts to accelerate the process of Indian independence, but most Americans remained ignorant of the struggle taking place. For India, the United States might have made a shining example of a successful former British colony. The US WWII alliance with Great Britain, however, tended to overshadow any positive impression which might have been made by its potential model. The Indian independence movement had been outraged in 1939 by Britain's declaration of war on India's behalf.

Consequently, by the end of WWII, the US and India were in no position to make overtures. Even when India emerged independent in August 1947, the United States was otherwise engrossed by post-war tension with the Soviet Union, over the Allied occupations of Japan, Korea, Germany and Austria. Furthering global democracy has been a stated US goal from the

Truman to the Reagan Doctrine, but ideological aspiration often takes a back seat to real-politik. Such was the case as the United States remained largely indifferent to the emergence of the great new democracy in 1947.

Another reason for the initial failure to establish a close relationship was "the moralistic and self-righteous criticism" of which both India and the United States were guilty of directing against the other in those early years.[1] Each was fully convinced its path was correct, and relentlessly tried to make the other see its wisdom. This set a precedent for mutual indifference that would lead to mistrust.

India's first prime minister and founding father, Jawaharlal Nehru, was firmly committed to a policy of non-alignment. In his first official speech he stated his intention to keep India "away from the power politics of groups, aligned against one another, which have led in the past to disasters."[2] As the architect of the Non-Aligned Movement, along with Gamal Abdul Nasser and Josip Broz Tito,

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[1]Richard F. Nyrop, ed., India: A Country Study (Delhi: Vikas Publications, 1970), p. 34.

[2]G. S. Bhargava, South Asian Security After Afghanistan (Lexington, Mass.: Lexington Books, 1983), p. 11.

Nehru "realized that polarization of intraregional conflicts between the superpowers was the surest way of perpetuating them, thereby reducing the regional states to dependencies of outside powers."[3] Nehru, writing from prison in 1944, recognized that the Soviet Union "already . . . is showing an expansionist tendency . . . there have been revealing glimpses (of the Soviet Union's postwar intentions). It aims at having as many friendly and dependent or semidependent countries near its borders as possible."[4] Later, writing his autobiography, Nehru expressed admiration for the "courage" and "capacity for sacrifice" of communists, although,

> "I am very far from being a communist. I dislike dogmatism and the treatment of Karl Marx's writings or any other books as scripture which cannot be challenged...I dislike also much that has happened in Russia ... It is difficult to be patient with many communists; they have developed a peculiar method of irritating others ... Coming back to India, communism and socialism seem a far cry ... We have to deal not with communism but ... with **communalism**."[5]

Nehru did prefer socialism as an economic system for his country, although India has maintained a mix of the socialist

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[3]G.S. Bhargava, South Asian Security After Afghanistan (Lexington, Mass.: Lexington Books, 1983), p. 11.

[4]Jawaharlal Nehru, The Discovery of India (Garden City, New Jersey: Anchor Books, 1959), pp. 398-399.

[5]Jawaharlal Nehru, Toward Freedom (Boston: Beacon Press, 1958), pp. 348-350 (emphasis added).

and capitalist systems. Nehru's ties to Western society were much stronger than any with the Soviet Union. His British education, practice as an English barrister and close friendship with such persons as Lord Mountbatten were countered by his hatred of British colonial dominance of India. Thus his personal feelings seemed to parallel his non-aligned, or balanced policy as well.

With the death of Stalin in March of 1953, the Indo-Soviet relationship began in earnest. Up to this point, relations had been characterized by Stalin's "utter indifference, accompanied by hostile posture."[6] Under Stalin the Soviet Union did not even publicly note the proclamation of Indian independence. Once India emerged as a full member of the Commonwealth, Stalin saw it as a victim of imperialism with a bourgeoisie government. When India "registered a strong protest" against the UN's decision (made by military command) to extend the Korean War north of the 38th parallel, some internal Soviet change of attitude may have occurred, but was

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[6]J. A. Naik, Soviet Policy Toward India (Delhi: Vikas Publications, 1970), p. 34.

not expressed (India had supported the initial UN General Assembly resolution condemning North Korean aggression).[7]

During the period from Stalin's death in 1953 to Nehru's death in 1964, several developments of staggering global importance also had major impact on India. First was the rise to power of Nikita Khrushchev, who propelled the Soviet Union dramatically into the Third World. Khrushchev "placed a high priority on developing close relations with India as a prestigious and presumably socialist new nation."[8]

In December 1953 the Soviet Union and India signed a five-year trade agreement, which was based on rupee payments, thus reducing foreign exchange problems for India. Of particular note is that this agreement preceded the Indian-Chinese Treaty of Peaceful Coexistence by a year.

Early in 1954 the US began unilaterally arming Pakistan in an effort to build an arc which would contain the Sino-Soviet monolith. In September 1954 Pakistan joined the Southeast Asia Treaty Organization and in the following year the Baghdad Pact, anticommunist organizations which

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[7]Timothy George, et al., Security in Southern Asia (The International Institute for Strategic Studies, 1984), p. 74.

[8]William Dunbar, India in Transition (Beverly Hills: SAGE Publications, 1976), p. 65.

"intensified...Nehru's suspicious attitude toward the West...(since it) brought the cold war to South Asia (and)... also meant the arming of India's major adversary."[9] It was Pakistan's minister of defense, Ayub Khan, who astutely "involved first the US and then China in the internecine problems of the subcontinent, thus driving India to move closer to the Soviet Union."[10] Ayub Khan was personally responsible for obtaining US aid under the Mutual Defense Assistance Agreement of 1954. Although "the wisdom of giving arms to Pakistan . . . was severely questioned by many Americans, including Ambassador Chester Bowles,"[11] "in an age of simpler perceptions . . . Pakistan was on the side of the good guys."[12] Pakistan readily dropped its previously non-aligned stance in favor of US aid. When Ayub Khan imposed martial law and declared himself dictator, Pakistan was irreversibly dependent on US aid.

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[9]Robert C. Horn, "The Soviet Union and South Asia: Moscow and New Delhi Standing Together," in Andrzej Korbonski and Francis Fukuyama, The Soviet Union in the Third World (Ithaca, New York: Cornell Univ. Press, 1987), pp. 212-213.

[10]G. S. Bhargava, p. 11.

[11]W. Norman Brown, p. 400.

[12]M. J. Akbar, p. 95.

The US policy of containment was first outlined by George Kennan. When it was interpreted and redefined as NSC-68, it was implemented by government officials such as Secretary of State John Foster Dulles. The well-known personal antipathy between Dulles and Indian Defense Minister Krishna Menon was exacerbated by the US insistence on affixing either a communist or non-communist label on foreign relations. India's firm commitment to non-alignment was seen by the US as an unwillingness to defend democracy or weakness in the face of the perceived communist threat. Dulles considered it cowardly and immoral. Menon and Dulles clashed as two strong and vocal leaders. Menon and India resented the US insistence on adhering to its policy of containment; India considered itself fully capable of fashioning its own foreign policy. The Dulles-Menon feud is typical of US-Indian relations in general, as each tends to resent the other's high-handedness in offering advice.

As superpower demarcations became clearer, the People's Republic of China also became embroiled in the subcontinent. In April 1954, the Sino-Indian Treaty on Tibet was signed, based on the Panca Sila, or Five Principles of Peaceful Coexistence (one of which stated each would refrain from interfering in the internal affairs of the other). Chinese

Premier Zhou Enlai visited Delhi in June 1954, and both he and Nehru "restated their Governments' adherence to the five principles."[13] During this time India was acting as a "forceful advocate" for admitting the PRC to the UN, with Nehru as an "ardent spokesman" for what he thought of as a true friend.[14] Meanwhile, Zhou Enlai promised to "use only peaceful methods" to resolve the border issue, a dispute that India did not openly acknowledge.[15] Nehru's obstinacy would lead India into a humiliating military defeat, from which Nehru would personally never recover.

In February 1955 an Indo-Soviet Steel Agreement was reached, providing for a one-million ton capacity steel plant to be built at Bhilai, India. In April the Bandung Conference of Afro-Asian states was held, at which Nehru, as one of its most distinguished sponsors, continued to press for China's inclusion in the international system. In June Nehru made a visit to the Soviet Union, culminating in a joint communique issued by Nehru and Premier Nikolai Bulganin, which committed each to adhere to the five principles. While Western actors

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[13]Timothy George, et al., p. 75.

[14]Ibid, pp. 104, 77.

[15]Neville Maxwell, India's China War (New York: Pantheon Books, 1970), p. 82.

generally dismiss such declarations of principles, India (especially Nehru) took this quite seriously, hoping "this type of formal agreement might militate in favor of a more orderly and responsible pattern of international behavior by the Soviet Union." When Bulganin and Khrushchev visited India later that year the "vociferous anti-Western tenor of (their) speeches...proved personally embarrassing for Nehru."[16]

The next year, 1956, was one of further antagonism between India and the West. After the Anglo-French invasion of Egypt, India "made no secret of its dismay that its partner (England) in the Commonwealth should be reverting to colonial practices in the Middle East."[17] The Soviet invasion of Hungary, however, failed to elicit any strong condemnation from India, although Nehru "did indicate his concern when the results of (the Indian Ambassador in Moscow's) investigation became available."[18]

The following year, 1957, brought more difficulties as the US and the UK sponsored a resolution in the UN that would place a temporary peace-keeping force in Kashmir and hold an

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[16]Ibid, p. 76.

[17]Vera M. Dean, New Patterns of Democracy in India (Cambridge, Mass.: Harvard University Press, 1959), p. 169.

[18]Ibid, p. 179.

internationally-supervised plebescite. This resolution was openly supportive of Pakistan's position. The USSR's counter-proposal was rejected, and eventually the Soviet Union used its veto to cancel the whole thing. In New Delhi, "it was widely held that the West had provoked the Soviet veto to embarrass India."[19]

In 1959 the PRC's policies of repression in Tibet began to dampen the apparent India-China are of good will. The US State Department righteously "accused China of barbarous intervention" and of attempting to "destroy the historical autonomy of the Tibetan people."[20] Even the Soviet Union "showed sympathy for Indian sensitivities" over the "harsh manner in which the Chinese put down the Tibetan revolt and drove the Dalai Lama into India."[21] India received the Dalai Lama as a refugee, and Sino-Indian relations seriously deteriorated.

Khrushchev made a second visit to India in 1960, the year of the critical rift in Sino-Soviet relations. As the Soviets

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[19]Timothy George, et al, p. 81.

[20]DuPre Jones, ed., China: US Policy Since 1945 (Washington, D.C.: Congressional Quarterly, 1980), p. 120.

[21]Lucien W. Pye, China: An Introduction (Boston: Little, Brown and Co., 1984), pp. 250-251.

began to pull advisors out of China and end its aid, India made its first major purchase of Soviet military equipment. Thus began the defense relationship regarded so unfavorably by the United States and its allies, as well as by China and Pakistan. In 1962 India, "in response to Pakistan's acquisition of the supersonic F-104 and to heightening tensions in China," made an agreement with the Soviets for the purchase and local production of the MiG-21.[22] A possible additional reason for beginning the Indo-Soviet defense relationship was "a continuing belief (in India) that visible military links with the Soviet Union might serve as a check on Chinese intentions."[23]

Relations between India and the PRC worsened as disputes over the border erupted in war in 1962. Most international opinion was critical of the PRC which easily and rapidly won the skirmish. India's defeat was "a cruel blow to its prestige and self-esteem" after which Nehru admitted being disillusioned.[24] The US State Department was "shocked at the violent and aggressive action of the Chinese Communists

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[22]Leo R. Wollemburg, What's in it for India? (National War College, Strategic Studies Report, 1985), pp. 21-22.

[23]Timothy George, et al, p. 81.

[24]Richard F. Nyrop, ed., pp. 77-78.

against India," and, along with Great Britain, France and Canada, responded forthright to an Indian plea for aid.[25] This instance of the US perceiving the Chinese threat to India is, however, one of the few times that US and Indian threat perceptions have coincided.

A tangential result of the border war was the political downfall of V.K. Krishna Menon. He had proved to be an actor of enormous impact on the Indian scene. Early on he served as head of the India League in the fight for independence. Later, as India's representative to the U.N. and then Defense Minister, Menon continued to show his antipathy for the US and approval of socialism and the USSR. He was even suggested in 1959 to be "the principal threat to India's democracy."[26] Still, he and Nehru remained close friends and co-proponents of India's non-aligned posture (although Nehru's version was not tilted toward the USSR). Nehru's sister, Krisha, described Menon as an intense, eccentric and prudish person.[27] Menon came to believe that the USSR would restrain China even as the border tensions mounted in the early 1960s. While he

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[25]DuPre Jones, ed., p. 132.

[26]Vera M. Dean, p. 98.

[27]Krisha Nehru Hutheesing, We Nehrus (New York: Holt, Rinehart and Winston, 1967), p. 71.

is commonly blamed for leading India into a humiliating defeat, his premonition was not necessarily without foundation. The Soviets may not have assumed their pro-China stance if the Cuban missile crisis had not intervened, an event Menon and Nehru could not have foreseen. Nehru removed Menon from the Defense Ministry, and eventually from the cabinet entirely, although he did so only after fruitless resistance to enormous pressure against his friend.[28] Menon's fall from grace saved Nehru some political injury, but nothing could restore the Prime Minister to his former level of idealistic activism.

It was shortly after this critical juncture that Nehru died. India and the world lost a leader of great vision who, though admittedly idealistic, guided India through turbulent times in a manner thoroughly grounded in the Indian national interest. Lal Bahadir Shastri would fill in as Prime Minister from 1964 until his death early in 1966.

Indira Gandhi's rule from 1966 to 1984 (except 1977-79) naturally was heavily influenced by her father and his life. A 1927 family visit to the Soviet Union impressed Nehru and

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[28]John Rowland, A History of Sino-Indian Relations (Princeton, New Jersey: D. Van Nostrand Col, Inc., 1967), p. 170.

his wife, Kamala, in a very positive way. Jawaharlal imposed advanced readings upon a young Indira, particularly those stressing the benefits of socialism. This may explain her willingness to sign a treaty with the USSR, a move that, while expedient in 1971, may have permanently compromised India's non-aligned status.[29] Her leadership firmly and openly challenged the US, especially on the war in South East Asia. Indira was less committed to liberal democracy than her father, Nehru, as evidenced by her autocratic imposition of the Emergency in 1975. Although a dedicated patriot, Indira was also an astute politician who nevertheless may ultimately have done injury to the country she undoubtedly cherished. She would leave India continuing to face violent communal rifts. Without benefit of its previously unchallenged non-aligned status, India became more seriously tied to the USSR than ever before or since.

The Soviet Union also experienced a change in leadership which would result in a shift in policy toward India. Among other failures, Brezhnev charged Khrushchev with having "over-committed the Soviet Union with India" in the Sino-Indian war at a time when the PRC should have been "cultivated rather

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[29]Dom F. Moraes, Indira Gandhi (Boston: Little, Brown and Company, 1980), pp. 45, 187.

than further antagonized."[30] When Brezhnev and Kosygin accepted the basic hostility of the PRC, they modified Khrushchev's India policy by asserting friendship with both India and Pakistan.

Meanwhile "US military aid not only provided security but also enabled Pakistan to challenge Indian control of Kashmir."[31] The ancient dispute over this territory, the gateway to India, led India and Pakistan to war in 1965 in which the Pakistani strategy of internationalizing a regional conflict was used. Seizing the initiative, Pakistan gained control of some Kashmir territory and then referred the matter to the UN, requesting a cease-fire line that would grant Pakistan the territory seized. India, however, retook the territory before the UN cease-fire, which eventually left the border as it had been before the war. One affect of the war was to "solidify...the military supply relationship (of India and the USSR)...after the US embargoed military sales to both Pakistan and India."[32] This inconsistent character of US

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[30]J. A. Naik, p. 135.

[31]William Dunbar, p. 65.

[32]Leo R. Wollemburg, p. 22.

military aid deepened India's conviction that the US could not be depended upon as a source for arms.

Although it "fell to the USSR mainly by Western default,"[33] the Tashkent Summit of 1966 was a diplomatic coup for the Soviet Union. Soviet Premier Kosygin mediated between Indian Prime Minister Shastri and Pakistan's General Ayub Khan, and helped usher in stability which, while not permanent, was still a remarkable accomplishment. The United States was legitimately preoccupied with the war in Vietnam; still, the neglect of India while the Soviets exercised diplomacy served to further estrange the United States from the region and its dominant actor.

The year 1965 produced a new warmth in relations between the USSR and Pakistan. When he made the first state visit between the two countries, Ayub Khan "found that even the US base at Peshawar did not preclude improvement in relations with Moscow."[34] The Soviet "policy of improving relations with Pakistan...was pursued irrespective of the Indian reaction to such a posture."[35] Kosygin even visited Pakistan in 1968, the

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[33]Rasul B. Rais, The Indian Ocean and the Superpowers (New Jersey: Barnes and Noble Books, 1987), p. 122.

[34]William Dunbar, p. 67.

[35]J. A. Naik, p. 137.

first visit to that country by a Soviet Premier. Economic assistance was offered in the form of a large metallurgical plant in West Pakistan and an atomic power station in East Pakistan, and finally even military equipment was supplied.

Another indication of the Soviet policy shift was the non-inclusion of India in the first post-Khrushchev Soviet proposal in 1968 for a summit conference on the Middle East crisis (India had long stressed relations with Middle East countries, both to placate its own large Muslim population and to maintain its ties with the non-aligned world). The Soviet Union seemed to have decided to rely on economic rather than political ties to sustain relations with India.[36]

What forced the USSR to revert back to an "India first" type of policy was the threat posed by a US-Chinese rapprochement. The US used Ayub Khan to set up the first Kissinger visit to China. After relations with China were established, both India and Pakistan became even less important to the US. President Nixon and Secretary of State Kissinger were convinced that, to a certain extent, they could now contain the Soviets by "playing the China card". Then,

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[36]Ibid, pp. 139-142.

too, in 1965 the PRC agreed for the first time to supply Pakistan militarily.[37] The USSR naturally looked then to India for further help in containing China. The threat in 1971 of a subcontinental war made these shifts clear.

Pakistan had, since independence, battled a unique set of problems, one of which could only be resolved by a war of secession. Pakistan's founding father, Ali Jinnah, was intent on securing the most possible land for his new nation; the result was a country whose two halves were separated by 1,000 miles. East Pakistan held the majority of the population and national income, but West Pakistan had nearly all the power. A series of military dictators ruling from West Pakistan resulted in the East Pakistanis feeling angry at their lack of representation. Language and, to some extent, religion also separated the two polities. A December 1970 election produced a clear victor, Mujib Rahman, for East Pakistan, but Bhutto won in the West and refused to share power with Mujib. The incumbent dictator in the West, Yahya Khan, still controlled the military. He sent troops into East Pakistan and by March 1971, "it was ... obvious that a particularly

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[37]Ibid.

brutal civil war was raging."[38] Others considered the war to be "unqualified immorality" by a government against its own people.[39]

At this point the United States was "preoccupied with their initiation of a new relationship with China", and thus felt compelled to support Pakistan.[40] Military and political support from the US was sustained throughout the conflict even though this meant "supporting genocide, military incompetence and recklessness in incurring international shame."[41]

By August, India stood firmly in support of Bangladesh's independence. The United States and China clearly supported Pakistan; thus India felt compelled to at least ensure Soviet neutrality, and signed a Treaty of Peace, Friendship and Cooperation. Comparing the treaty with others made between the USSR and the Third World shows that India is "less closely...tied to the USSR than is any other signatory."[42] The

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[38]Richard F. Nyrop, ed., Pakistan: A Country Study (Washington, D.C.: American University, 1984), p. 56.

[39]W. Norman Brown, p. 415.

[40]Richard F. Nyrop, ed., pp. 490-491.

[41]W. Norman Brown, op.cit., p. 415.

[42]Department of State Report 190-AR, "Soviet-Third World Treaties Since 1971: Similarities and Contrasts" (August 1981), p. 2.

treaty does not obligate either to defend the other, but merely to "abstain from providing any assistance to any third party that engages in armed conflict with (sic) other Party."[43] The treaty generally addresses the peace-loving attitudes of each, and establishes economic and cultural relations.

In the United States, Kissinger had "exploited...(Indira Gandhi's) reputation as a crafty politician...to present India in a lurid light and justify US policies in South Asia."[44] The Department of State even questioned whether India "might use as a pretext the Pakistan counterattacks in the west to annex territory in West Pakistan."[45] In November 1971, Indira Gandhi travelled to Washington to meet with President Nixon, but little mutual understanding was achieved. When war was formally declared between India and Pakistan,the United States continued its pro-Pakistan stance while the Soviet Union exercised its UN veto to support India.

In December 1971 Indira Gandhi recognized the Provisional Government of Bangladesh and sent Indian forces into the area. Even at this point, when India's actions seemed quite clearly

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[43]Ibid, Annex B-3 (Article 9).

[44]G. S. Bhargava, p. 119.

[45]Department of State Bulletin (January 17, 1972), p. 69.

supportive of a bonafide national liberation movement, US Representative George Bush proposed to the UN that both sides withdraw their forces from the border, while recognizing that "a fundamental political accommodation still has not been achieved in East Pakistan."[46] Pakistan was successful in its strategy of "trying to reduce (the Bangladesh independence movement) to an Indo-Pakistan dispute, and then internationalize it."[47] India did achieve political accommodation, though, as Pakistan was forced to surrender within two weeks, and Bangladesh was liberated. Meanwhile, the US had sent the aircraft carrier Enterprise into the Bay of Bengal, and "for the first time...the US was regarded as a major security threat by India."[48]

Thus by 1972 the cold war had come to South Asia with a vengeance. President Nixon visited communist China in 1972, a journey made possible in part by Ayub Khan. Brezhnev was "forced...to abandon certain positions in Asia...and thus to accept a loss in prestige and credibility, especially in

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[46]Department of State Bulletin (December 27, 1971), p. 722.

[47]G. S. Bhargava, p. 120.

[48]Richard F. Nyrop, ed., p. 492.

India."[49] Still, the "Soviet Union regard(ed) India as a valuable asset in its competition with China"; since India was at that point at odds with the United States, the Indo-Soviet relationship continued.[50]

Then "in 1975...renewed US arms shipments to Pakistan underlined the threat to India from the Washington-Islamabad-Beijing axis."[51] Still India "sought to maintain its independence" through, among other actions and policies, the possibility of improved relations with the PRC. India has pursued improved Chinese despite the emotional response this has elicited from Moscow, especially since 1979.[52]

From 1947 to 1979, then, the US and India seemed at cross purposes, with national interests unlikely to coincide in spite of the common element of democracy. The reasons for the faltering relationship can be summarized as initial disinterest exacerbated by competing national pride; personal antagonisms, such as that between John F. Dulles and Krishna Menon, or President Nixon and Prime Minister Indira Gandhi; the US policy of containment, with positive results for those

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[49]William Dunbar, p. 68.

[50]Ibid.

[51]Robert C. Horn, p. 214.

[52]Ibid.

willing to sign on, like Pakistan, and retribution for those that wished to remain non-aligned; a perceived and somewhat genuine lack of US national interest in India, except as concerns that promotion of democracy; and, US absorption with containment of communism, North East Asia, the occupation of Japan, the Korean War and the Vietnam War.

The 1980s has been a decade of enormous impact to the international system, however, and this watershed has not failed to affect the US-Indian relationship.

III. THE WATERSHED: 1980 TO 1985

The 1980s has been a decade of extremely important change within the international system. Several previously inactive or developing nations have emerged as major actors with predominance over their region. India rapidly advanced technologically, economically and militarily so that today it commands regional and global respect.

The international system also felt the brunt of several major events between 1980 and 1985. These included the resurgence of the cold war, the US-Chinese rapprochement, the emergence of Islamic fundamentalism with the ensuing revolution in Iran, the Iran-Iraq war, the Soviet invasion of Afghanistan with subsequent withdrawal under terms similar to the American withdrawal from Vietnam, and finally, the warming of superpower relations with attendant arms control agreements. This chapter examines the events of the first half of the decade, their impact on India, and on US-Indian relations.

The US presidential campaign of 1980 was characterized on the Republican side by Ronald Reagan's emphasis on the "Evil

Empire". As he took office early in 1981, President Reagan fulfilled campaign promises to rebuild the American defense forces in response to the perception of an increased Soviet threat. The first four years of the Reagan administration saw no lessening in anti-Soviet rhetoric, and little improvement in superpower relations. As superpower tension increases, countries aligned with or dependent on the United States or the USSR feel reverberations in the form of increased military aid and, often, political pressure. India and Pakistan exemplify this phenomenon.

The Indo-Sino-Soviet-US tangle was thrown a new curve as the United States and the PRC established relations in 1979. The Soviet Union naturally looked again to India as a counterbalance to this new friendship. No formal alliance came of the US-Chinese warming trend, but at the beginning of the decade the Soviets saw reason to feel threatened. Since India had previously suffered US neglect as the United States pursued a Chinese link, India, to some lesser extent, also viewed the US-Chinese relationship with apprehension.

India, Pakistan and the United States all were affected by the 1979 Soviet invasion of Afghanistan. When this aggression failed to provoke a statement of condemnation from India, many in the United States were quick to label India as

a Soviet "client-state" or even "ally". This was a critical, if typical, error in judgement. India hesitated because of domestic conditions, rather than any sympathy for Soviet policy. After losing the 1977 election and leaving office, Indira Gandhi had returned to power in July of 1979, politically weakened by the legacy of her imposition of the Emergency of 1975-1977. The Congress Party's political hold had fallen from an overwhelming majority to only 43%. In June 1980 Indira's son and presumed heir, Sanjay, was killed in a plane crash. Rajiv was elected to fill his brother's seat in Parliament, but many states had already begun electing opposition governments. Friction between the central and state governments increased continuously from 1979 to 1984. Indira maintained her hold by using an authoritarian style, often blaming the US CIA for internal dissent, a claim the Soviets could be counted on to support.

Because of her weak political position, then, Indira was unwilling in 1980 to condemn the Soviet invasion of Afghanistan. Having the friendship of at least one superpower was critical to her continued political success.

Still, India would not condone the Soviet invasion, thus clinging tenuously to claims of non-alignment. The US decision to begin rearming Pakistan in 1980 evoked criticism

from India. The massive, $3.2 billion aid package approved that year and the US policy of smuggling arms to the Afghan rebels through Pakistan were highly provocative to India. Problematic US-Indian relations have been blamed, in the United States, on internal Indian problems or Soviet aid, but "a more fundamental cause was America's insistence on propping up the Zia regime in Pakistan militarily, economically and politically."[53]

India's willingness to remain neutral on the Afghan situation made the Soviets "willing to pay heavily for Indian good will."[54] The Soviet arms deal made with India in 1980 was a $2.5 billion package. The Soviet percentage of India's trade had expanded from .15% in 1953 to 9.2% in 1979.[55] Indeed Soviet assistance "has been crucial" since "95-99% of Soviet aid has been channeled toward India's public sector", helping build its industrial base and ultimately reach its goal of self-sufficiency.[56] For India to openly criticize the Soviet

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[53]Asia Yearbook 1988, pp. 141-142.

[54]Francis Fukuyama, Moscow's Post-Brezhnev Reassessment of the Third World (Santa Monica, Calif.: Rand Corp., 1986), p. 59.

[55]Leo R. Wollemburg, p. 18.

[56]Ibid, p. 19.

Union in 1980 would have meant endangering this economic and defense lifeline while no alternative was being offered.

These four factors, then, contributed to the early 1980s Pakistan-US versus Indian-Soviet alignment:

1) Indira Gandhi's weak political position;
2) the 1980 US rearming of Pakistan;
3) the 1980 Soviet aid package to India and the need for India to maintain the Soviet supply line; and,
4) the revival of the cold war as President Reagan denounced the "Evil Empire".

A. CHANGE BEGINS

Since then, however, a shift in attitude on both sides has become ever more apparent. The 1980 coalescence of Indian and Soviet mutual need was the high point; since then a broadening of views on both sides has occurred. The improvement in superpower relations and Indo-Pakistani relations, the Soviet shift toward the PRC and the withdrawal from Afghanistan all resulted in decreased Indo-Soviet inter-reliance.

One indication of this shift is the attention given to India by the Soviet media (an instrument of Soviet government policy), as recorded by the Foreign Broadcast Information Service. In 1979 the Soviet media was recorded as addressing diplomatic relations with India on fourteen occasions. In 1980 the number skyrocketed to seventy-six. But in 1981 it was back down to twenty-two, and in 1982 to eighteen. The

lower trend continues until 1985 and 1986, when the numbers were thirty-eight and sixty-seven, respectively. This later increase is probably due, however, to Gorbachev's more open and clever political style.[57]

Another indication of less close relations was that India was dropped from the "warm" category of Soviet May Day greetings in 1981 and 1982, to the "fraternal" category in 1983 through 1985 ("fraternal" being the lowest category, "warm" the medium and "ardent" the greetings reserved for the USSR's closest friends).[58]

As in the mid 1960s, the shift in relations this time is again due in part to changes in leadership. For the Soviet Union, "Andropov's early emphasis after succeeding Brezhnev in late 1982 was on domestic reform, and he did not at first devote much emphasis to Third World subjects."[59] In India, the assassination of Indira Gandhi in October 1984 brought her son, Rajiv, to power. Rajiv is an engineer with a pro-Western orientation, who has made economic and technological progress the number one priority for India. Unlike his brother,

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[57]Foreign Broadcast Information Service, USSR, 1979 to 1986.

[58]Francis Fukuyama, p. 85.

[59]Ibid, p. 18.

Sanjay, Rajiv did not seek his political heritage, but accepted it as a duty. Rajiv had not been influential, as had Sanjay, in his mother's imposition of the Emergency of 1975.

Rajiv's emphasis on modernization is echoed throughout the Third World. Developing countries have shifted their agendas as decolonialization becomes less of an issue and economic development takes precedence over political questions. This has resulted in increasing criticism of the Soviet Union "from even their most loyal clients for failing to meet needs other than those related to arms and security."[60] Since the United States "displaced the Soviet Union as India's number one trade partner in 1984", India's economic ties to the West are increasingly making the USSR less attractive.[61]

Even though India and the USSR have maintained economic and defense ties, on "several significant issues...India has consistently refused to bow to Soviet pressure."[62] One of these issues was the idea of an Asian Collective Security System, first circulated by Brezhnev in 1969. Each time this system has been suggested, including in 1982, India has firmly

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[60]Ibid, p. 78.

[61]Robert C. Horn, p. 212.

[62]Leo R. Wollemburg, p. 27.

refused. India suspected that plans for Soviet hegemony in the subcontinent were behind the scheme.

India has also consistently denied the Soviets basing rights in India. The Soviets have made port visits, but the US Navy also made its first port visit in a number of years in 1984.

India has never been totally dependent on the Soviet Union for defense needs. From 1967 to 1985 India made somewhat less than 20% of foreign purchases of military hardware from Western or non-Soviet sources.[63] The 1980s move toward more significant diversification is discussed in Chapter IV.

A fourth issue in which the Soviet Union could not influence India concerns the Nuclear Non-Proliferation Treaty of 1978. Although Pakistan has made public statements declaring its willingness to sign the Treaty if India would, so long as the PRC has nuclear weapons India is not likely to sign on. Because of strategic threat perception, and because nuclear capability signifies major/great power status, India insists on keeping the nuclear option open. Both India and Pakistan appear bent on obtaining a nuclear weapons capability (see Chapter V).

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[63]Ibid, p. 21.

The India Ocean Zone of Peace concept is widely touted by Moscow as an example of its peaceful intentions, but this issue, too, divides India from the Soviet Union. Like the United States, the Soviets envision a Zone of Peace maintained through a balance of power among littoral states. India, however, has regional hegemony in its national sights and is unlikely to settle for less. Finally, on the issue of the Soviet invasion of Afghanistan, India has each year abstained from the vote to condemn the USSR. While Westerners may see this as knuckling under to Soviet pressure, if the Soviets had sufficient influence, India would vote against the UN resolution. That India agreed with the Soviet analysis of the original situation, which blamed the Afghanistan problem on "some outside power", is again because Indira Gandhi was at that point politically vulnerable, and making such claims of outside interference herself. One month after the invasion, Foreign Minister Gromyko traveled to New Delhi to try to obtain Indian endorsement, but he failed. In 1980 the Indian External Affairs Minister was sent to Moscow to try to get the Soviets to pledge a withdrawal, complete with timetable; he, too, failed. The "pattern for meetings...in which...both sides...refuse to budge" on the issue continues, and Rajiv Gandhi has been forthright in pointing out publicly that the

issue has been discussed "at some length", saying that India's policy of not condoning interference in another country's affairs continues unabated.[64]

From 1950 to 1970 the superpowers both were sensitive to the massive size and potential power of the PRC; each tried to "play the China card" against the other. Then the Sino-American entente of the 1970s seemed to shift the weight of the PRC to the Western side. In the 1980s, another shift is apparently under way, as the PRC astutely plays the "China card", improving relations but keeping its distance from both the United States and the USSR. The superpowers are not the only ones courting the Chinese. India has sought improved relations with the PRC since the 1962 border war. When the Chinese invaded Vietnam, Kosygin warned India that "China might want to teach India a lesson...as...with Vietnam:; still, "India's interest in pursuing normalization with China...despite Kosygin's impassioned performance, remained unchanged."[65]

In October 1983, China agreed for the first time to consider India's proposal for a sector-by-sector approach to

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[64]Robert C. Horn, p. 218.

[65]Robert C. Horn, p. 216.

the border dispute. Trade relations were resumed in 1979, and in September 1984 a new trade agreement was signed. Rajiv Gandhi met personally in New York with Premier Zhao Ziyang in 1985, and border talks have reached the eighth round.

Perhaps the single most significant area in terms of a shift in India's policy has been the increasing importance of high technology, especially as concerns defense, but also in the economic sphere. In the defense arena this demand for higher technology has been augmented by the desire to diversify its defense supply line. The new emphasis on technological development has been proclaimed India's number one priority since late 1984, when Rajiv Gandhi took office.

More critical than India's purchase of other Western equipment is the new defense relationship with the United States, discussed at length in Chapter V.

The events from 1979 to 1984 coalesced to subtly alter the rigid, bi-polar superpower cold war. Power now lies not only in the hands of two nations, but in several. Economic success, military build up and potential nuclear weapons capability have allowed additional members in what was previously a two-nation club. The second half of the 1980s saw the results of these movements. US policy makers have been prudent in responding to the apparent shifts under way.

In at least one area, South Asia, opportunity exists for the United States to simultaneously enhance its own status as well as stability within the region.

IV. INDIA AND US ECONOMIC OPPORTUNITY

Heretofore this thesis is concerned primarily with politics, diplomacy and security. In proposing to make suggestions for improvements in US-Indian relations, it is equally essential to note the concomitant economic development and potential of India.In strictly economic terms, India represents a vast, mostly untapped market and potentially lucrative ground for massive joint ventures. Most of India's economic potential remains unacknowledged by US businesses. One reason for this is the persistent, negative images most Americans have of India. Unfortunately stereotypes exert lasting influence. Another reason is the overly optimistic view that the Western world persisted in holding toward China for the past 150 years. The China market has, since 1950, been substantially less productive and poorer than that of India. By the year 2025 India's population will surpass that of the PRC, which is expected to stabilize at about 1.2 billion. These factors, with the "Rajiv Revolution", indicate an opportunity for US investors and exporters alike. Closer US-Indian relations, achieved through the policy shift

recommended by this author, would encourage US businesses, hesitant so far, to penetrate deeper into the Indian market.

Economic relations would in turn strengthen the ties that could make US-Indian cooperation a reality. In terms of risk, increased economic relations carry a lower potential risk than change in either the political or security spheres. This chapter assesses the Indian economy as it developed from independence to 1984, and as it looks as 1990 approaches.

A. BACKGROUND

The British had been in possession of India since the early 1700s. Under the auspices of a charter to the East India Trading Company, Great Britain constructed a political and economic system that provided the foundation of the British empire.

Indian nationalism and economic discontent finally coalesced to produce independence from the British in 1947. The British system provided a political and industrial infrastructure that allowed a relatively smooth transition to Indian leadership. The transportation system and heavy industry left by the British proved beneficial to building a

new nation. Still, the nation was left with several impediments to growth, including a huge agricultural sector with production stagnant at low levels, and a heavy-industry sector that was small but still larger than that of other recently independent countries. The commodity-dominated export trade had poor growth prospects, and the large transport system lacked feeder lines (efficient for colonial control but not conducive to broad-based growth). The administrative structure was designed for centralized (British) rule and lacked the training, experience and depth for broad-based development. Perhaps most debilitating was the vast initial level of landless poor that could not be absorbed in industry.

Faced with this intimidating array of short-comings, new Indian leadership developed a strategy based on increased growth through capital goods. The First Five-Year Plan of 1951 emphasized agriculture, which improved through 1955, due mostly to weather conditions. Planners were convinced it was time to shift the emphasis. The Mahalanobis Plan would show limited short-run benefits to India's poor, because of its heavy reliance on industry. Agricultural investment, it was known, would only detract from investment in capital goods. From 1950 to 1965, the Third Five Year Plan, mostly a

refinement of the Second, was impressive in its success: GNP grew at a rate of over four percent per year; although the lower 40 percent of the population experienced no per capital income growth, the upper 60 percent averaged a 2.3 percent annual growth rate; irrigation and labor use improvements resulted in agricultural output of 2.8 percent, while industrial output grew at an average of seven percent each year.[66]

Rather than continued growth, the ten years from 1965 to 1975 brought a harsh awakening. Emphasis on industry had made the country vulnerable to a decline in foreign food aid. From 1960 to 1965, industrial employment grew at a six percent rate; industrial production grew at 8.9 percent. At the same time, agricultural production was down 2.1 percent. The resulting increase in demand had to be met with foreign supplies. Then came the worst drought in recorded history. The 1965-66 season was a disaster, followed by another bad weather year in 1966-67. Foodgrain production was down 19 percent.[67]

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[66]John W. Mellor, p. 104.

[67]Ibid, pp. 105-109.

The 1965 drought brought a steep decline in demand for capital goods. At the same time, foreign aid begin to decline from $1.3 billion in 1965 to $120 million in 1972, putting recovery from the drought off to the mid 1970s.

In the mid 1970s, foreign aid began to rise again, approaching half of the 1965 level. A new strategy emerged, with agriculture at its core. Industrial growth would be encouraged not only by domestic investment but by exports and domestic consumption. A less centrally controlled, more public investment-encouraged, market-oriented growth pattern was pursued, although significant government control was exercised until 1984.

Throughout these years of early nationhood, a major factor in low growth and unemployment was India's deliberate neglect of foreign trade, and consequent inability to compete with exports. The little that was exported to eastern bloc countries was of the traditional commodity composition. India has consistently pursued high levels of protectionism and a policy of import substitution. This attempt to exclude foreign economic influence is quite understandable, considering Great Britain's previous exploitation and manipulation; the policy, however, has had the most negative impact on India itself.

From 1970 to 1980, a slight shift was noticeable, away from anti-colonial socialism and toward a more rational, less controlled capitalism. Sheer size of population may prevent India from ever achieving a truly capitalist, free-enterprise state. Still, any trend in that direction must be viewed as a positive step.

With a population approaching one billion, India naturally relies heavily on agriculture. About 70 percent of the population still earns its living in the agricultural sector, accounting for 40 percent of GNP (which is down from 50 percent in 1960).[68] Improvements in fertilizers, irrigation, storage and distribution have helped India make some impressive gains, especially in foodgrain production. Monsoons, however, still wreak havoc on crops, although the impact is diminishing with technological advances. Overall, government policy since the mid-1960s has been highly supportive of agriculture, allowing the impressive achievement of food-grain self-sufficiency.

While the agricultural sector has flourished, though, the industrial sector has grown at consistently lower rates than called for by government planners. A major constraint on

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[68]Overseas Business Report, p. 4.

industrial growth is India's continual failure to provide reliable electrical power. Possible cause for optimism may be India's nuclear program. By far the most encouraging sign is the growth in domestic oil production, which now accounts for two thirds of domestic consumption.

During the late 1970s, India ushered in some important policy changes. One of these, arguably the most important, was an annually more liberalized import policy, beginning with 1978.[69] This movement was still counter-balanced through 1985 by a tightly controlled, centrally planned economy. Import policy is based on the Imports and Exports Act of 1947, augmented by the Import Order of 1955 (a list of controlled articles). Any product on the Import Order list will enter India under one of four categories: 1) Open General License--foreign exchange is made available for payment and no special license is necessary; 2) Limited Permissible--items can be imported only by actual users and only up to a certain level; 3) Restricted--items can be imported only to be used in a product which will then be exported; and 4) Banned. Licenses for categories 1) through 3) are tightly controlled by the central government's Chief Controller of Imports and Exports.

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[69]Ibid, p. 7.

Nearly all goods that can be manufactured in sufficient quantity in India fall under category 4), Banned.

India is a member of GATT, the General Agreement on Trade and Tariffs, but, as a Less Developed Country, GATT allows India to exercise import restrictions to promote domestic economic development. A sign of India's improved economic status in 1989 is the likely inclusion of India in the US Super 301 "hit list", a compilation of countries that have erected systematic barriers to US exporters. The list may also include Japan, South Korea, Taiwan and Brazil.[70]

B. THE "RAJIV REVOLUTION"

India's economy changed dramatically as a result of the political succession of Indira Gandhi by her son, Rajiv, in 1984. His approach to economic matters was seen immediately to differ greatly from Indira's. His reform program, which makes economic growth and technological modernization India's number one priority, has been dubbed the "Rajiv Revolution."

Under Rajiv's program, improvements toward liberalization have included greater freedom of operation for the private

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[70]Nayan Chanda, "US Raises the Stakes," Far East Economic Review (Hong Kong: 20 April 1989), p. 44.

sector, elimination of production limits and delicensing in some important industries, anti-monopoly legislation, improving private access to capital markets and others. Beginning in 1985, the usual year-to-year plan was exchanged for a three-year plan, which should provide a more stable plan for growth.

Another important area of change is in export policy. The 1985 three-year plan included special privileges for export manufacturers, allowing easy import of capital goods and raw material under the Duty Exemption Scheme. Even more recent is the Import-Export Pass Book Scheme, another that allows for duty-free imports which are necessary inputs to exports; this is more broad in scope than the Duty Exemption Scheme, eliminating procedural delays.

The results of implementing this policy can be seen in Direction of Trade Statistics. India's exports for November 1984 equalled $453.3 million; for September 1987 the level jumped to $1,030.2 million. Imports for the same periods were $1,278.9 million and $1,434.7 million, respectively.[71]

India's balance of payment status through 1985 indicates that current accounts have been on a down slide since 1978,

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[71]Direction of Trade Statistics, 1987.

reaching a minus 4,157 million SDRs (Special Drawing Rights, the monetary unit of the International Monetary Fund) in 1986. However, the level of Direct Investment and Other Long-Term Capital has increased from 553 million SDRs in 1978 to 3,301 million in 1985.[72] The dismal performance on current accounts is due to India's import/export restrictions and failure to fully participate in the world economy. The upward trend in investment is in keeping with the Sixth Plan (1980-81 through 1984-85), developed by the Indian National Development Council. The Seventh Plan calls for a "decrease in investment expenditures allocated to the public sector--only 47 percent in contrast to over 57 percent in the Third through Sixth Plans". This indicates confidence in the private sector's investment potential.[73]

The exchange rate of rupees per U.S. dollar has nearly doubled from 7.93 in 1980 to 13.101 in 1987.[74] The largest increase, from 7.93 to 12.451, occurred between 1980 and 1984. Since 1984 the exchange rate has fluctuated up or down in very small increments. During the span from 1980 to 1987, U.S.

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[72]Balance of Payments, 1985.

[73]Overseas Business Report, p. 6.

[74]International Financial Statistics.

liabilities to India went from $442 million to $1,187 million, while U.S. claims on India grew more slowly, from $211 million to $494 million. Consumer prices are on a steady increase, but again the years from 1980 to 1984 saw the largest jump.[75] These statistics indicate that the Seventh Plan is providing a more stable pattern of investment and spending, with a leveling off of the exchange rate and cost of living/inflation.

Aside from several specific areas for concern, the most crucial factor in India's economy continues to be the government's role. Historically, Indian civilization relied heavily on a central authority for moral and other guidance; the relatively benign experience as a British colony did little to alter that dependence. Today it is accepted that a central authority should plan and implement, among other things, the nation's economy. Accordingly, it has retained tight control over the nation's purse strings. The result is a inability to adjust to a fluctuating world market. Further problems stem from over-protectionism, leaving India's manufacturers unable to compete with exports. This leads to

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[75]Ibid.

a policy of import substitution, creating, on the up side, a diverse and mostly self-sufficient base.

Taken from another perspective, government leadership can be seen as quite positive. The government has managed to convert the economy to one with a diversified industrial structure. Resultant short-run slow growth appeared negative, but has provided for long-term flexibility. Admittedly the poverty level has remained high, but successes have spilt over to that sector in the form of lower death rates and increased education and health care.[76] Then, too, India's enormous resource base has been deliberately underdeveloped until India can create its own institutional capacity for successful exploration/exploitation. Another area of rapid build up has been the science and technology complex, third in size among today's nations.[77]

The overriding element which has driven every facet of Indian society since 1947 has been the desire for self-sufficiency. In every area India has chosen to refuse foreign aid rather than bow to foreign domination (which has since 1968 excluded it from U.S. aid). This has forced it to

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[76]John W. Mellor, op. cit., p. 7.

[77]Ibid, p. 3.

develop its own resources at a rapid rate while accepting that it cannot keep up with highly industrialized nations. Selective import of technology is now allowed in cases where "the lead time required to develop it indigenously would entail delays in executing important development programs".[78] Still, the impetus for allowing this foreign intrusion is to achieve eventual self-sufficiency.

US-Indian trade remains an area dramatically underdeveloped (along with Indian foreign trade in general). Two-way trade has grown from $1.5 billion 1978 to over $4 billion in 1984,[79] but "U.S. firms . . . view India as a difficult country in which to conduct business".[80] The faltering relationship is mirrored in the political arena, and is equally frustrating in both areas. Although the Indian market has in the past been tightly controlled against foreign products, services and investment, the Indian market of today takes a more rational approach to economics.

Domestic industry and import licensing have been liberalized while also opening the Indian market very

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[78]Overseas Business Report, p. 8.

[79]Overseas Business Report, p. 5.

[80]Ibid, p. 4.

selectively--mostly to allow in Western technology. The willingness to move away from physical controls in favor of allowing market forces more influence, as evidenced in the Seventh Plan Document of 1986, is an important indicator. Rajiv Gandhi dismissed V.P. Singh as finance minister, whose plan for maturation would have required many years in office to see through. Still, Rajiv seems determined to carry out the plan. Singh's removal was probably due in part to pressure from the "larger and more powerful socialist lobby that thrives on the public economy", a system which Singh was determined to change.[81]

That large public sector has been referred to as India's "dinosaur legacy". Rajiv "jolted" a rally of Congress Party workers in December 1987 with the question, "Can we afford a socialism where the public sector, instead of generating wealth, is robbing and sucking up the wealth of the people?"[82] The 17.3 million public employees are a spoiled and recalcitrant group. Still, without it, "it is doubtful that ...India could have developed from a colonially exploited plantation economy into a substantially self-reliant and well-

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[81]Jean A. Bernard, op. cit., p. 426.

[82]Lincoln Kaye, "India's Dinosaur Legacy," Far East Economic Review, date....., p. 56.

diversified industrial power in such a short time." The basic problem is the "paradox of state-run industries in a pluralistic democracy like India," in which "social control of the economy...(can) translate into political control".[83] Gandhi and his cabinet are considering some truly radical alternatives to the public sector problem, but will have to tread carefully for fear of destroying themselves politically.

Another internal source of considerable distress is the 40% of India's population (some 320 million people) that lives below the poverty line. India refused to resort to a truly socialist redistribution of wealth to rapidly solve the problem (like the PRC did). The first through third five-year plans emphasized a capital good growth scheme, which the planners accepted would not yield great benefits to the poor. A disastrous drought in 1966-1967 denied the opportunity to shift gains made through capital goods to the agricultural sector, through which 70% of the population make their living. Then the oil shocks of the '70s set back recovery again; today India is close to being self-sufficient in oil. The worst drought of the century hit in 1987, but its impact was offset by India having achieved self-sufficiency in foodgrain

[83]Ibid, pp. 56-59.

production, with fairly large reserves.[84] Some indicators show great improvements in the standard of living (i.e., literacy rate, life-expectancy), but the poverty is still overwhelming in its numbers and depth. Because of the strong fatalistic nature of Indians, most are content to allow the government to stimulate growth by sectors; thus poverty should not be allowed to overshadow the enormous gains made and potential for future improvements.

The often-cited Indian poverty level is countered by India's enormous, thriving middle class. Most Americans would be shocked to hear that up to 100 million Indians are now "changing the face of India."[85]Production of consumer durables has risen 60% over the past three years in response to this "huge and relatively untapped market." Many credit the new consumerism in India to the attitude of Rajiv Gandhi, who urges his fellow Indians to improve their standard of living rather than live in a more austere, traditionally conservative mode.[86]

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[84]Overseas Business Report, pp. 3-4.

[85]The Wall Street Journal, May 19, 1988, p. 30.

[86]Ibid.

The South Asian Association for Regional Cooperation (SAARC) was established in July 1983, comprising India, Pakistan, Bangladesh, Nepal, Bhutan and the Maldives. Although initially not a substantively productive organization, SAARC is currently seen as potentially effective, particularly in terms of economic cooperation.[87]

Difficulties between India and Nepal over bilateral trade arose in March 1989 as treaties governing trade and transit rights lapsed. In the economic as well as the military sphere, India hold most of the cards. Nepal will most likely back down in this case. India is unwilling to allow Nepal to grow independent on China; already Nepal has purchased Chinese anti-aircraft guns. Nepal is allowed to import arms "with Indian assistance and agreement," according to the two nations' 1950 agreement.[88] The trade friction is illustrative of India's intent to maintain an economic hold over the South Asia region, particularly as it will allow pursuit of national security objectives.

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[87]Salamat Ali, "A hint of hope," Far East Economic Review (12 January 1989), p. 11.

[88]Salamat Ali, "A matter of time," Far East Economic Review (4 May 1989), p. 24.

A second trade issue arising in 1989 is the Soviet Union's new desire for some form of currency convertibility. Indo-Soviet trade might contract severely, the debt service ratio might fluctuate or the rupee exchange rate could suffer as a result. Some Indian economists are nervous at the prospect, but others are "sceptical of Moscow's ability to move too fast in the direction of a 'hard' rouble."[89] Still, if the rouble became convertible and devalued by 50%, the Soviet Union could drop from second place among India's trading partners (after the United States), to fourth or even fifth.[90] Soviet perestroika may further weaken the Indo-Soviet relationship.

In January 1989, Indian Defense Minister Krishan Chander Pant announced a reversal in India's policy of banning arms exports. He specified that "the decision to export arms will be guided by our foreign policy perceptions." Certainly this move will increase India's activity within the international system, and perhaps its political status as well. This "competitive challenge to China" may ultimately be a key to

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[89]Lincoln Kaye, "Moscow's hardline hint," Far East Economic Review (13 April 1989), p. 49.

[90]Ibid.

boosting the Indian economy into the top five or six globally.[91]

While the massive potential of India's enormous resources, coupled with the significant shift in economic policy, makes for a decidedly optimistic view, a "South Korean or Brazilian 'miracle' is not likely in India." Those miracles took place under "bureaucratic-authoritarian" models of development (which exclude labor from decision-making), while India is a "nationalist-reformist" type in which "policy shifts can be best be incremental." Rajiv Gandhi can be credited with significant progress in this area, especially in allowing the import of technology. Still, democratic nations probably have to settle for slower growth. The "values of ... (Mahatma) Gandhi and Nehru ... cannot and should not be abandoned in the name of economic liberalization, efficiency and production."[92]

Rajiv Gandhi's revolutionary program has met resistance from some concerned about those values. The prospect of facing a national election, however, ensured a partial return to a more socialistic type of economy. The budget presented

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[91]Defense and Foreign Affairs Weekly, January 1989.

[92]Eddie J. Girdner, "Economic Liberalization in India," Asian Survey, Vol XXVII, No. 11 (November 1987), pp. 1188-1204.

to parliament in February 1989 was an "election document," full of "giveaway" social programs, and, even though GNP is growing at 11% this year, the new budget is noticeably lacking in added taxation.[93] Still, success at the polls in December 1989 (if achieved) will allow Rajiv at least five more years to implement his revolution. If India can meet the challenge of achieving growth while adhering to the spirit in which the nation was born, it could "employ science and technology in the interests of all humanity and be truly worth of emulation".[94]

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[93]The Economist (March 4, 1989), p. 34.

[94]Eddie J. Girdner, op. cit., p. 1204.

V. US SECURITY AND THE INDIAN OCEAN REGION

India occupies a geographic position of particular strategic value for any nation interested in Persian Gulf oil or in Indian Ocean power projection or trade. United States interest in the region dates from WWII and has been intense throughout most that time. Curiously, though, US interest in the major regional power, India, has not.

In the early 1950s, the United States allied itself with India's enemy, Pakistan, thus gaining as an ally an Islamic state. The geostrategic value of Pakistan is high, as it lies close to the Persian Gulf, but the stability of this ally has constantly been in question. The size, population, industrial capacity, and economic progress and potential of Pakistan pale in comparison to that of India. India is firmly committed to secular democracy, whereas Pakistan is only now experimenting with democratic ideals.

The US propensity since 1950 for zero sum strategic thinking meant that US policy focused on Pakistan at the expense of relations with India. Recent trends between the United States, India, China and the USSR indicate an opening

for improved US-Indian ties. Such a shift is considered not only advisable but long overdue, and among various concomitant benefits, would allow the United States to get out of the zero sum India-Pakistan game. Even more critical is the potential for stabilizing what threatens to become the newest nuclear arms race area. Additionally, a new US approach to the Indian Ocean would allow a much over-taxed US Navy to cut back on resources currently committed to the Indian Ocean and Persian Gulf region.

As of 1984, US and Indian diplomats have proved willing and capable of carrying out the necessary political arrangements for a detente. The focus here is on Indian Ocean regional security, with a view toward improving stability and securing the sea lanes of communication (SLOCs). A US-Indian security agreement seems purely speculative at present, but the two have overlapping national interests, as well as needs and capabilities, that make such a relationship feasible. This chapter examines India's military and strategic situation, the Indian-Soviet defense relationship, the opening of US-Indian defense ties, and the position of Indian in the region , with all its implications for the Asian nuclear arms race. Taken together, these factors point the direction for a needed US policy shift.

A. INDIA'S STRATEGY

An intrinsic fact that seems somehow to elude US policy makers is that "the distinguishing characteristic in a medium power's strategic aspirations is autonomy".[95] For India autonomy is an almost religiously fervent desire. Since winning independence in 1947, India has made self-sufficiency a national goal in political, economic and military terms. Since, however, "medium powers are increasingly unlikely to be able to sustain efficient armament industries offering a comprehensive range of products, ...India, Japan and Australia all make what they can and buy what they cannot."[96] For India, this search for defense equipment led eventually to the USSR, which in turn led many in the United States to assume the existence of a bond other than that of supplier to buyer. One alarmist insisted in 1970 that the "first steps had been taken for the 'integration' of the Indian military

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[95]J. R. Hill, Maritime Strategy for Medium Powers (Annapolis, Maryland: Naval Institute Press, 1986), p. 27 (emphasis added).

[96]Ibid, p. 210.

establishment with the Soviet."[97] Some Western alliance members even went so far as to speculate in 1975 that "in the event of a major crisis, it must be assumed that the Soviet Union could execute a forward deployment ... involving dispatch of aircraft to Aden, India and Somalia."[98] In fact, India tenaciously clings to leadership of the non-aligned movement and has deliberately diversified its defense supply lines to include France, Great Britain and the United States. The Indian Navy is the leader in this effort, and is the factor most critical for India's assertion of power in the Indian Ocean.

India's navy historically has taken a back seat to the army and air forces, but the 1971 war with Pakistan "proved to be a watershed as far as the fortunes of the Indian Navy were concerned."[99] In that war India "sought to deny the sea approaches to East Pakistan to all Pakistani shipping, and

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[97]Hanson W. Baldwin, Strategy for Tomorrow (New York: Harper and Row, 1970), p. 212.

[98]Patrick Wall, ed., The Indian Ocean and the Threat to the West (London: Stacey International, 1975), p. 26.

[99]Ravindra Tomar, "Development of the Indian Navy: An Overstated Case?" (Canberra, Australia: The Strategic and Defence Studies Centre, September 1980), p. 26.

apparently succeeded."[100] This seeming success focused attention on the Navy, leading to a debate over what type of strategy, and thus fleet, should be pursued. The fact that India was "no longer faced with the task of disrupting lines of communication between East and West Pakistan" was a strong argument against purchasing large surface ships.[101] Others saw the need for a 'balanced; fleet, to protect Indian shipping and to develop the ability to attack Pakistan's vital maritime interests (which would require large surface ships capable of carrying some types of aircraft). By the late 1970s, with development of offshore oil resources and the New Economic Zone concept becoming more important, a substantial increase in capital outlay for the Navy "indicated that India had decided to go in for the development of an ocean-going fleet."[102] Another indication of this commitment was the creation in 1978 of the Coast Guard, which would take over some of the Navy's missions.

India's slow realization of the importance of maritime strategy is probably due in great part to the fact that for

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[100]J. R. Hill, p. 141.

[101]Ravindra Tomar, p. 27.

[102]Ibid, p. 29.

India, like Brazil, Mexico, the United States and the USSR, seaborne exports made up less than ten per cent of the national income through the 1970s (while for most of the world's top thirty economies seaborne exports account for more than ten percent).[103] In a 1978 study, India's sea dependence rating was 3.4, as compared to the United States at 6.4 and Japan at 9.2.[104] That rating is expected to climb, though, as countries like Brazil and India make a conscious effort to look outward and make use of the oceans. India's economy has become noticeably more export-oriented in the past decade.

As Indian maritime strategy evolved in the 1980s, the nation's maritime interests were loosely defined as: 1) the need to protect Indian independence from threats via the sea, 2) to expand India's capabilities to exploit the mineral and fish resources of the seabed, 3) to protect the growing seaborne trade (especially for energy and high tech imports, and for exports of agricultural and industrial products), and finally, 4) to promote influence in the littoral region.[105]

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[103]J. R. Hill, p. 30.

[104]Ibid, p. 42.

[105]Ashley J. Tellis "The Naval Balance in the Indian Subcontinent", Asian Survey (December 1985), p. 1191.

India has given its navy priority during the past decade, adding a second British aircraft carrier, West German submarines, French Mirage-2000 aircraft and building a West German maritime patrol/transport aircraft. The aircraft carriers naturally are equipped with British Harriers and Sea King helicopters. The Navy also has 15 British frigates, and only 12 Soviet.[106] India also has commissioned for at least five new Indian-built ships.[107]

While India's strategy was taking shape, several international events also had major impact on the Indian Ocean region and military buildup there. The Soviet invasion of Afghanistan in 1979 led Western countries to increase policing of vital sea lanes for oil from the Persian Gulf. Also in 1979 was the Islamic revolution in Iran and the ensuing Iranian-Iraqi conflict. Superpower presence was increased on both sides as the United States upgraded Diego Garcia and sought additional South West Asian ports, while the USSR acquired access to Socotra, the Dahlak archipelago, Massaua and Assab. For the Indian Navy, the result of these events

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[106]The Military Balance, International Institute for Strategic Studies, 1986-87, pp. 156-157.

[107]Howard Handleman, "Dangerous Race with Pakistan", Pacific Defense Reporter (July 1988), p. 27.

was a "serious alteration" from a sea control/shore defense navy aimed mostly at Pakistan, to a power projection orientation, which would serve to deter or at least raise the threshold of naval interdiction.[108]

The "central dilemma" for a medium power is "the mismatch between what one would like to be able to do as a nation-state, a strategic entity, and what one's resources will allow."[109] Thus, India has had to tailor its power projection orientation from a traditional multi-carrier battle group navy to one of smaller, more diverse platforms.

The four missions to which the Indian Navy aspires are: 1) maritime surveillance of alien navies, 2) presence and show-the-flag, 3) minimal deterrence, and 4) power projection.[110] Maritime surveillance is the simplest and cheapest of the four, and is a prerequisite for the others. For India this is accomplished with five Super Constellations and three IL-38 Mays.

The minimal deterrence mission is the backbone of the Navy. This is a low-cost method for defending national

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[108]Ibid, p. 1192.

[109]J. R. Hill, p. 219.

[110]Ashley J. Tellis, p. 1193.

maritime interests. India recognizes that it cannot hope for complete domination in every type of conflict. Rather, it chooses to convey the idea that the costs of engaging in conflict with India would be prohibitively high. The recently retired chief of staff of the Indian Navy, Admiral Tahiliani, stated that although the Indian Navy could not ultimately prevail against the force of a superpower, "we can raise the cost of the intervention."[111] By thus excluding outside powers from the region, India can assure itself of power projection within the region, even without the traditional carrier battle group formation.[112]

Chart I provides a breakdown which, according to US officers Jerrold F. Elkin and W. Andrew Ritezel, explains India's view of its role in the Indian Ocean.[113] This demonstrates the potential scope of Indian naval and air

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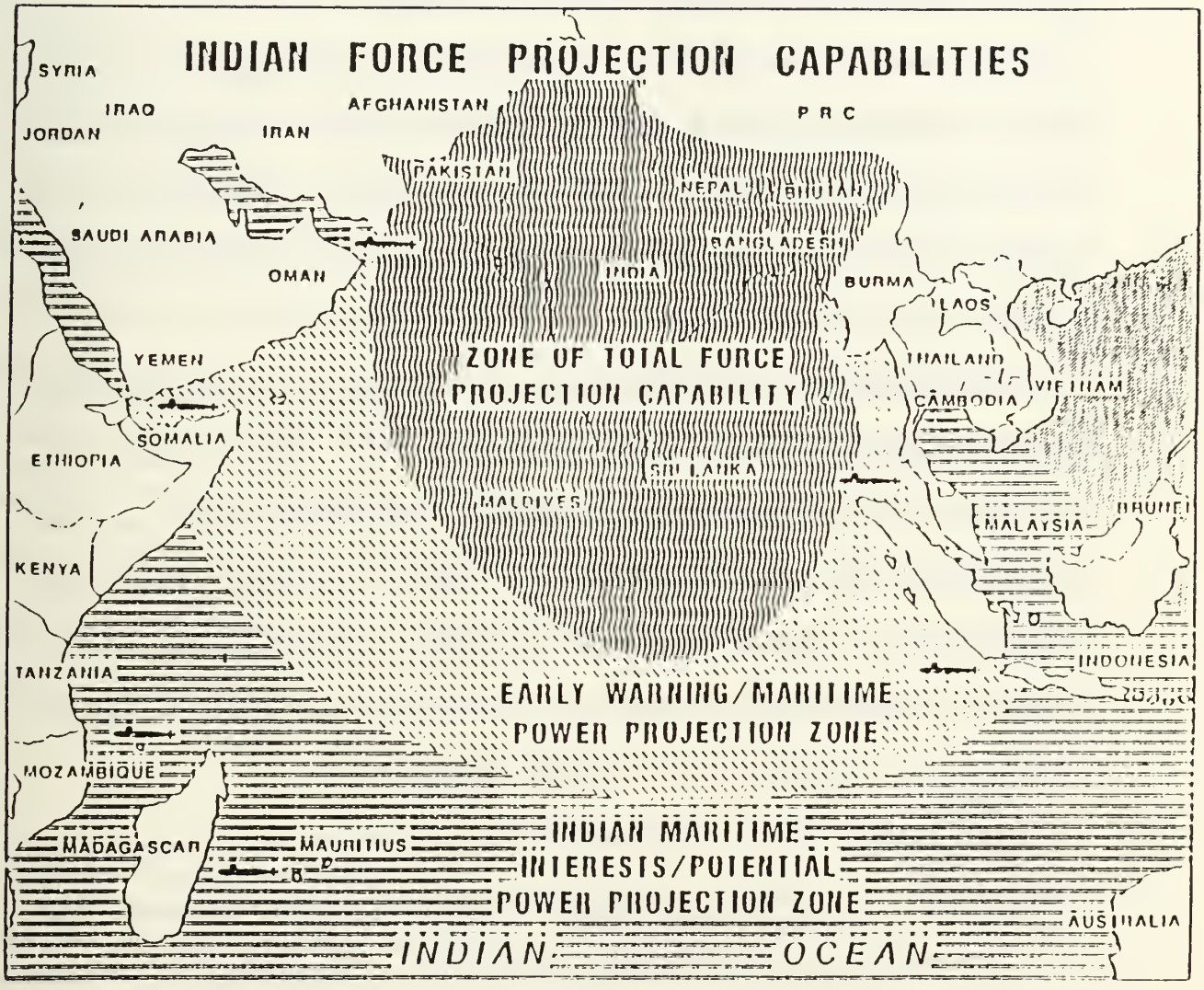
[111]Subhash Chakravarti, "India's Nuclear Submarine Lifts Local Arms Race" (London: London Times, 10 January 1988), p. A12.

[112]The lack of traditional carrier battle groups and naval infantry is seen by Tellis to mean no power projection capability for India; here it is argued that regional power projection is possible so long as the minimal deterrence mission succeeds.

[113]Jerrold F. Elkin and Major W. Andrew Ritezel, USA, "New Delhi's Indian Ocean Policy," Naval War College Review (Newport, Rhode Island: Naval Institute, Autumn 1987), p. 50.

CHART I


INDIAN FORCE PROJECTION CAPABILITIES
SYRIA
IRAQ
JORDAN
IRAN
AFGHANISTAN
PRC
PAKISTAN
NEPAL
BHUTAN
BANGLADESH
SAUDI ARABIA
OMAN
INDIA
BURMA
LAOS
THAILAND
YEMEN
ZONE OF TOTAL FORCE
PROJECTION CAPABILITY
CAMBODIA
VIETNAM
SOMALIA
ETHIOPIA
SRI LANKA
MALDIVES
BRUNEI
MALAYSIA
KENYA
INDONESIA
TANZANIA
EARLY WARNING/MARITIME
POWER PROJECTION ZONE
MOZAMBIQUE
INDIAN MARITIME
INTERESTS/POTENTIAL
POWER PROJECTION ZONE
MADAGASCAR
MAURITIUS
AUSTRALIA
INDIAN OCEAN

activities, including power projection throughout the Indian Ocean.

Within the subcontinent, India might ensure sea control by destroying the Pakistani navy at sea or in its bases, by blockading the Pakistani navy, or by destroying key Pakistani installations using naval and air forces.

Blockading the Pakistani navy in its bases is not a feasible option, since all Pakistani bases face contiguous blue ocean, and an open ocean blockade would over tax Indian surface forces and adversely affect its ability to perform other duties.

Destroying the Pakistani navy in its bases was considered optimal after this method was successful in the 1971 war. The main reason it worked then, however, was Pakistan's lack of retaliatory cruise missiles. With current Pakistani capabilities, which include Harpoon surface-to-surface, Sidewinder and Magic air-to-air, and Exocet air-to-surface missile, this option is no longer feasible.[114]

Destroying key installations is considered plausible, except that it requires coordination with the Indian Air Force, an exercise not so far undertaken. Perhaps with proper

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[114]The Military Balance, 1986-1987 (International Institute for Strategic Studies, 1987), p. 165.

interservice training this option could be useful sometime in the future.

The only way for India presently to defeat the Pakistani navy, then, is to destroy it at sea, specifically in the Arabian Sea. India probably has the capability to do this, but would pay the price in terms of vessels and lives lost in a protracted battle of attrition. It is also questionable whether Pakistan would engage in such a battle, since it has the advantage in a short war.[115] In fact Pakistan's naval objectives vis-a-vis India are: 1) to use cruise missiles from surface and subsurface platforms, denying India use of the Arabian Sea, 2) to protect the Pakistani coastline and territorial water, and 3) to conduct conspicuous attacks against Indian shipping, offshore installations and coastal targets.[116] Pakistan chooses to fulfill these needs using US military and economic assistance, arguing that it can only help the United States hold communism at bay so long as it can

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[115]Pakistan has previously used the tactic, during a period of diplomatic tension, of seizing the initiative by launching a preemptive strike and then calling for UN intercession and a cease fire advantageous to its own goals, as in the 1965 subcontinent conflict. In fact this two-pronged strategy is central to Pakistani defense planning.

[116]Ashley J. Tellis, p. 1202 (emphasis added).

also defend itself against its "giant" military neighbor and enemy, India.

In fact "bean counting" has been used to justify US aid to Pakistan, but comparing "the strong Indian numerical strength obscures the disadvantages of possessing a partly obsolete and highly heterogeneous fleet."[117] Pakistan's seven modern attack submarines are smaller than India's Foxtrots but are actually "more highly maneuverable and faster", and with Harpoon, Pakistani subs "leave (India) at a relative disadvantage."[118] So while the tactical naval balance "presents a general impression of India superiority, it also furnishes an interesting example of how technology can affect the power relationships between asymmetrically sized navies."[119] US defense officials should use caution in order not to be taken in by this misleading tactic.[120]

India has shifted its strategic focus from one aimed narrowly at Pakistan to one encompassing the entire Indian

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[117]Ibid, p. 1197.

[118]Ibid, p. 1201.

[119]Ibid, p. 1212.

[120]An example of US military officers who do attach great significance to "bean counting" can be found in Jerrold F. Elkin and W. Andrew Ritezel, "The Indo-Pakistani Military Balance," Asian Survey (May 1986), pp. 518-538.

Ocean. Among littoral states with substantial navies on the Indian Ocean, India has a strong numerical advantage, as seen in Table I. A numerical comparison can be misleading, but is at least indicative in this case of India's commitment to some form of regional superiority. Only Pakistan represents any real challenge to the Indian Navy, and, as discussed, the viability of such a challenge is limited.

India has achieved maritime superiority versus any littoral Indian Ocean state. This leaves only one or the other superpower as a potential challenge or interventionist. The following sections examine India's relations with the superpowers.

TABLE I

Indian Ocean Naval Powers

	Australia	India	Indonesia	Pakistan	Saudi Arabia
Total Vessels	46	80	69	50	23
Aircraft carriers		2			
Destroyers	3	4		8	
Frigates	10	23	13		4
Corvettes	4	3		4	
F.A.C.		14	8	24	12
Amphibiou	6	13	12		3
Patrol craft	21	9	31	5	
Personnel (x1000)	16	47	38	13	3.5

Source: The Military Balance, 1986-1987

Note: Figures for Australia represent totals, most of which are not concentrated in the Indian Ocean.

Note: Pakistan has 30,000 contract personnel stationed in Saudi Arabia (10,000), Libya, Oman, UAE and Kuwait.

A. THE INDIAN-SOVIET RELATIONSHIP

As previously mentioned, the relationship between India and the USSR has been a main target of US interest in India. Much has been made of this association, particularly as concerns the Indian reliance on Soviet military equipment and technology. Because of India's refusal to join in a 1950s anti-communist alliance, the United States branded India as a Soviet puppet or ally. The subsequent US arming of Pakistan and refusal to reliably supply India (except for 1962 to 1965) led to the Indo-Soviet relationship. This relationship has been one of mutual benefit, but the gains for India are in noticeable decline. The entire Third World has shifted its agenda as decolonialization becomes less of an issue and economic development takes precedence over political issues. This has resulted in increasing criticism of the Soviet Union "for failing to meet needs others than those related to arms and security."[121] The United States must take advantage of this opportunity to atone for past diplomatic mismanagement.

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[121]Francis Fukuyama, Moscow's Post-Brezhnev Reassessment of the Third World (Santa Monica, Calif.: Rand Corp., 1986), p. 59.

Understanding the real basis of the Indo-Soviet relationship is central to correcting the situation.

As indicated in Chapter I, the Soviet Union initially showed little inclination toward developing any relationship at all with India. Under Stalin the mood toward India was decidedly hostile; Stalin perceived India as merely a pawn for Western big business and imperialism.

Khrushchev clearly recognized the value of befriending such a large nation, even if it was firmly non-aligned. The 1955 visit to Moscow by Prime Minister Jawaharlal Nehru was a major affair, receiving extensive news coverage. The 1960 Sino-Soviet split and the 1962 Sino-Indian border war both served to strengthen ties between India and the USSR.

A shift in Soviet policy became evident under new leadership. Brezhnev decided to cultivate ties with Pakistan, recognizing its geopolitical value, while still trying to appease India. In January 1966, Soviet Premier Kosygin invited Prime Minister Shastri (India) and President Ayub Khan (Pakistan) to a meeting known as the Tashkent Summit. An agreement was reached whereby each would withdraw forces by February 25. After Shastri's death in Tashkent, Indira Gandhi assumed office and promptly visited President Johnson in Washington. She followed this in July with a visit to

Moscow, while Ayub Khan was working on an alliance with Chou Enlai in the PRC.

Superpower rivalry in the Indian Ocean began in the mid-1960s. In 1965 Great Britain unilaterally declared the existence of the British Indian Ocean Territory, comprising four groups of islands, one of which was the archipelago that included Diego Garcia. In 1966 the United States and Great Britain signed an agreement that leased the island Diego Garcia to the United States for fifty years. India responded with understandable dismay over the apparent reassertion of imperialism. The United States relocated the 1,200 natives and established a communications and logistic support site.[122]

In 1968 Great Britain decided to pull back all commitments east of the Suez Canal. The perception of the resulting vacuum helped India to begin seriously thinking of the Indian Ocean as its own sphere of influence.

The Indo-Soviet twenty-year Treaty of Peace, Friendship and Cooperation was signed in 1971. The "immediate stimuli" for this treaty were "the deepening crisis . . . caused by Pakistan's civil war and, more important, the opening of the

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[122]Larry Bowman and Ian Clark, eds., The Indian Ocean in Global Politics (Boulder, Colorado: Westview Press, 1981), pp. 43-44.

United States-China link accompanied by Washington's frank communication that should China intervene in the subcontinent, the US would be unable to support India as it had in 1962". The treaty relates to defense only briefly since "both governments were reluctant to commit themselves in advance to specific actions of a military nature."[123]

The treaty does commit them to "abstain from providing any assistance to any third party that engages in armed conflict with other (sic) Party", and to consult whenever either party is attacked.[124] Today that commitment continues, "rationalized against the perception of a threat from US forces based at sea and supported from Diego Garcia, within what India regards as its natural ambit of power."[125] India's relations with the USSR are the a result of American and British rejection in the 1950s and 1960s of India's defense requirements, and the Indian perception in the late 1970s that the "chief hegemonial threat" in the Indian Ocean was the United States.[126] India

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[123]Richard F. Nyrop, ed., India: A Country Study (Washington, D.C.: American University, 1985), p. 498 (emphasis added).

[124]Department of State Report 190-AR, "Soviet-Third World Treaties Since 1971: Similarities and Contrasts", (August 1981), Annex B-3, Article 9.

[125]J.R. Hill, p. 68.

[126]Ibid, p. 23.

does not incline toward Moscow for ideological or political reasons, and even economic and defense ties are now being challenged.

The Indo-Soviet relationship was born of Western neglect, and grew up on stubborn American insistence on a disavowal of relations with communist states. Currently "cooperation in traditional areas is no longer as appealing to Indian planners" since the USSR "is not in a position to meet Indian requirements for advanced industrial know-how."[127] The United States is in such a position, but has been painfully slow to take advantage of this fact.

B. THE INDIAN-US RELATIONSHIP

The US relationship with India has mostly been one of neglect and has often been negative, due to the US strategic global zero sum thinking of the 1950s through the 1970s. From the 1954 alliance with Pakistan in CENTO and SEATO, US arms shipments to India's number one enemy were seen as a direct threat to Indian security. In the 1962 border war with China, the United States condemned Chinese aggression and supplied

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[127]Rasul B. Rais, p. 127.

some military aid to India. This was because the United States remained unaware or unconvinced of the Sino-Soviet split, and was therefore still eager to contain the PRC. But in the 1965 conflict with Pakistan, the United States pressured India to negotiate for a cease-fire line that was to Pakistan's advantage, while the Soviet Union, at the Tashkent Summit, worked out a plan to restore the original state of affairs (more to India's advantage than the US proposal).

US-Indian relations reached an all-time low when the United States became "preoccupied with their initiation of a new relationship with China" and so felt compelled to support China's friend, Pakistan.[128] The US came to be seen as the major security threat to India as it sent the aircraft carrier USS Enterprise into the Bay of Bengal. This attempt at naval diplomacy failed miserably, merely exacerbating tensions and not at all deterring India from its support of Bangladesh. The US "record of heavy-footedness in small sea-based conflicts ... might (and, in this case, did) result in unnecessary damage to relations between the parties."[129] These

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[128]Richard F. Nyrop, ed., p. 490-491.

[129]J. R. Hill, p. 71.

actions and the US failure to support the Bangladesh bid for self-determination severely undercut US credibility in the Third World and further infuriated India.

US preoccupation with Sino-American relations and the failure of India to criticize the Soviet Afghanistan invasion meant a continuation of troubled US-Indian relations. Then the Reagan administration made clear in 1980 that a security relationship with Pakistan was a top priority, a commitment which translated into a $3.2 billion military aid package for India's nearest and most bitter enemy. The continuing crisis in Afghanistan and the US resolve to confront the Soviets there through the muhajadeen gave improving Indian relations a low US priority.

India and the United States seemed to be moving toward improved relations when Indira Gandhi visited Washington in 1984. Although no substantive results of the visit with President Reagan were forthcoming, this may have set the stage for a serious US move in 1984. That year saw a "quite remarkable" shift on the US side, as the administration "launched a major initiative to forge new ties with India . . . with an eye to building over time a significant military supply relationship." This new interest in India "stem(s) from its future power potential . . . (which) may give it in

the next 10-15 years a sea denial capability in the strategically important Arabian Sea."[130] Such a capability could of course be used either to the benefit or detriment of the United States and its interests there. "The point is not that the US would be unable to get through (the Indian Ocean) in extremis but that its political leadership might not consider the political costs worth the political benefits."[131]

The basis of the US policy shift was an October 1984, National Security Council Decision Directive signed by President Reagan, which "instructed all US Government agencies to seek improved relations with India, and accommodate Indian requests for dual-use technology".[132] A memorandum of understanding (MOU) was also signed between the two nations on the subject, which has been cited by Rajiv Gandhi as "an important indicator of improved relations with the US."[133] The MOU was intended to facilitate the transfer and/or sale of dual use technologies; until this India "had been having a

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[130]Dilip Mukerjee, "US Weaponry For India", Asian Survey (June 1987), p. 595-596.

[131]Geoffrey Kemp, "Maritime Access and Maritime Power," in Alvin J. Cottrell and Assoc., Sea Power and Strategy in the Indian Ocean (Beverly Hills: Sage Publications, 1981).

[132]Nayan Chanda, "A New Indian Summer", Far East Economic Review (25 February 1988), p. 34.

[133]International Herald Tribune, October 14, 1985.

hard time obtaining licenses . . . given India's extensive links with the Soviet Union."[134] In a less-than-overwhelming assurance of support, Under Secretary of State Michael Armacost claimed "there will now be a greater inclination to approve, rather than deny (license applications)."[135] The language may have been tempered but the results of the MOU are clear: in 1983, 700 licenses were granted at a value of $200,000, compared to 1985 with 4,300 cases approved at a value of $1.3 billion.[136] Still, while US defense officials were forced to give way to a shift at the policy-making level, "the degree to which India should be accommodated is still an open question within the Pentagon."[137]

In June of 1985, Rajiv Gandhi and India's Defense Minister visited Washington, including a meeting between Gandhi and US Defense Secretary Weinberger. This was followed up by a "high-powered delegation", led by India's Scientific Adviser to the Defense Minister, which arrived in the United States in August. During this visit Indian defense officials were

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[134]Dilip Mukerjee, p. 601.

[135]Michael Armacost: "US Perspective on US/India Relations", address at a Washington seminar, April 1986.

[136]Dilip Mukerjee, pp. 601-602.

[137]Ibid, p. 606.

"shown a level of US military technology never before seen by an Indian defense specialist."[138]

The major defense sales resulting from the US policy shift and subsequent US-Indian talks are the Cray XMP-14 supercomputer, the F404 jet engine, the F-18 avionics package, and the LM2500 gas turbine engine (used for the Spruance class destroyers). The XMP-14 supercomputer sale was the "first . . to a country outside the Western alliance," indicating the US realization of India's geopolitical significance and India's "willing(ness) to grow out of its total dependence on Soviet arms."[139] Still the sale was approved only after "a prolonged internal (US) debate which was resolved by presidential intervention."[140] India is necessarily wary of making deals with the United States, since the Arms Export Control Act gives the Secretary of State the authority not only to "change conditions (of a contract) retrospectively" but also to refuse to refund down payments made by India if the US does decide to terminate.[141] Rajiv Gandhi has made

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[138]Stuart Auerbach, "India to Get High Tech US Goods", Washington Post, October 15, 1985.

[139]Nayan Chanda, p. 34.

[140]Ibid.

[141]Dilip Mukerjee, p. 603-604.

clear his apprehension, describing the US propensity for changing conditions of a deal retrospectively and thereby cutting off the supply of spare parts.[142]

The recent emphasis in India on diversification "worried" the Soviets, and led them to make India "an offer they couldn't refuse" on the MiG-29s.[143] This deal meant that India received the top-of-the-line fighter before any Warsaw Pact nation. While India's eagerness for this aircraft was arguably a response to Pakistan's acquisition of the US F-16, some US defense officials again made inferential leaps about the Indo-Soviet relationship. Several major issues in fact divide India and the USSR. It is in these areas that opportunities for the US exist and should not be overlooked.

The US relationship with India has depended almost entirely on US cold war strategy, and on the perception of Indian ties to the Soviet Union. This interconnection must be reexamined if US-Indian relations are to improve.

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[142]Washington Post, June 14, 1985.

[143]Leo R. Wollemburg, "What's in it for India?" (National War College, Strategic Studies Report, 1985), p. 23.

C. INDIAN OCEAN REGIONAL SECURITY IN THE 1990S

US policy for the Indian Ocean has also been a reflection of global superpower rivalry. Entering the 1990s, the United States must formulate a new policy that concentrates more on regional issues, stressing the need for regional stability in order to best serve US interests.

South Asia has become a region of intense scrutiny as the world apprehensively awaits the emergence of two additional nuclear powers. India and Pakistan both possess the technology for nuclear weapons and have imported weapons-grade materials. The United States and the USSR have attempted to check this development in both countries, without success in either case. The region faces genuine peril from the seemingly inescapable path to an open nuclear arms race. Pakistan is in this competition because it concedes India's conventional superiority and sees nuclear weapons as the only way to challenge India. Pakistan could not have pursued nuclear technology were it not for enjoying the spot as the number three recipient of US aid since 1980 (after Israel and Egypt). In 1980 the United States might reasonably have decided to risk South Asian nuclear proliferation rather than lose Pakistan's acquiescence in smuggling arms to Afghanistan.

The Soviet withdrawal from Afghanistan became final in February of 1989, leaving Pakistan without benefit of an immediate communist threat with which to ensnare the United States.

In 1987 a $4.2 billion aid package to Pakistan was approved by President Reagan, using a presidential waiver to retract sanctions imposed by Congress for blatant Pakistani nuclear non-proliferation violations. In the same year the House of Representatives' foreign relations committee voted to cut aid to India from fifty to thirty million dollars, as retribution for India's criticism of US policy in Nicaragua, and India's refusal to allow international inspectors into its nuclear power plants. India's "refusal (in 1979) to accept Soviet-imposed safeguards on the supply of heavy water was less publicized than the refusal to accept the extension of American safeguards in 1980, but the attitude was similar on each occasion."[144] Perhaps the blind spot of US policy makers is due to the influence of Pakistan's $300,000 per year lobbying firm, Neill and Co., which "devised a strategy...calling for an end to US aid and technology

[144]Timothy George, et al., p. 39.

transfer to India."[145] India has no public relations counterpart to Neill and Co.

With Afghanistan no longer a critical bilateral issue, and with the improvements in Indian-Chinese and US-Soviet relations, an opportunity exists for the United States to fashion a South Asia policy not dictated by cold war thinking. As of 1985 the United States must certify annually a nation's adherence to US non-proliferation laws prior to granting aid. Since then, the Reagan administration has "quietly side-stepped a tough decision on how to view Pakistan's nuclear weapons program" on more than one occasion. But "intelligence information on Pakistan's nuclear weapons program has become so voluminous" that the United States can no longer credibly make the certification, and must impose sanctions on aid.[146] Fear of the Soviets becoming Pakistan's new ally and supplier is unrealistic, especially in light of the Soviet's frustrating experience in and withdrawal from Afghanistan and its economic constraints.

The United States should now impose sanctions on the generous, $4.2 billion 1987 aid package to Pakistan, until

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[145]Far East Economic Review (25 February 1988), pp. 35-36.

[146]Nayan Chanda, "See no evil," Far East Economic Review (5 January 1989), p. 11.

such time as Pakistan provides real assurance that it has halted its nuclear program. India will not disavow the possibility of nuclear weapons so long as the PRC possesses them. Still, with Pakistan constrained by US sanctions, the tendency would be for India to show self-restraint. Further, if India is openly recognized as a stable, democratic and peaceful regionally hegemonic power and Pakistan is denied the nuclear option, India would not view nuclear weapons as immediately necessary. India could comfortably maintain regional stability with conventional forces, particularly after the current naval build up.

The key to disarming the South Asian nuclear arms race, then is in US hands.

An important area of Indo-Soviet tension is the Indian Ocean Zone of Peace concept. The idea was first proposed officially by Sri Lanka at the UN in 1971. The Soviets envision a Zone of Peace maintained through a balance of power among littoral states, a system similar to that advocated by the United States. India is regionally dominant, however, and will not willingly accept a less than predominant regional role. The United States could take advantage of this Indo-Soviet disagreement by encouraging India in its regional dominance. For a stable democracy to prevail in the Indian

Ocean surely must coincide with US strategic interests. The US stance so far has been to opt in favor of the balance of power view, with the rearming of Pakistan and the US Navy helping to maintain the balance. A shift is not risk-free, but is considered an astute gamble. The cost of maintaining the current US policy is in "reinforcing the existing structure of Indo-Soviet relations."[147] Of any Indian Ocean nations which might object to this US policy, Australia is probably the only one that would have to be assuaged. Even so, Australia may be satisfied with a South Pacific domination, leaving the Indian Ocean region in the hands of another stable democracy. Pakistan certainly would be displeased by such a move, but recent developments point to a more realistic assessment within that country of its role in the region, as well as to a warming in its relations with India (see Chapter V).

India most recently asserted itself as the keeper of South Asia's stability when it crushed the attempted coup of the Maldives on November 3, 1988. Indian troops have been involved in Sri Lanka as well, helping to put down the Tamil separatist movement since July 1987. Rajiv Gandhi was careful

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[147]Timothy George, et. al., op. cit., p. 129.

to inform all members of SAARC (South Asian Association for Regional Cooperation) and the Soviet ambassador in New Delhi of his intent to intervene in the Maldives (President Gayoom of the Maldives had called for international assistance, including the United States, Britain, India and Sri Lanka). Neither the United States nor the USSR condemned India's action; still, neither superpower has yet shown complete support for India's new role.[148] The United States will gain much by being the first superpower to do so.

India's missile program has "moved in tandem with other efforts to lay claim to being South Asia's regional superpower." The newest addition to India's indigenous capability is the Agni, an intermediate range missile scheduled for test launch in May 1989. Some US senators saw fit to criticize the launch, provoking Indian rebuttal. An aide of Prime Minister Gandhi called the criticism "ludicrous", saying "a nuclear missile is okay for China but a conventional missile is not OK for India . . . Any self-respecting Indian could not accept this."[149] US officials

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[148]Rajendra Sareen and Manik de Silva, "Playing at cops," Far East Economic Review (17 November 1988), p. 15.

[149]Sheila Tefft, "India Steps up Arms Race," Christian Science Monitor (Boston, Mass.: The Christian Science Publishing Society, April 24, 1989), p. 1.

should display more sensitivity in dealing with a regional power.

Another issue sure to sow Indo-Soviet dissension is the apparent Sino-Soviet rapprochement. The Soviet Union has long "regarded India as a valuable asset in its competition with China."[150] The current shift in Soviet policy only makes more obvious the fact that India's value to the USSR is in its dealings with the PRC. In May 1989 the Soviets and the Chinese will meet in a summit, the first such diplomatic meeting since the 1960 split. If the Soviets are willing to decrease their forces along the Chinese border, real rapprochement will in all probability follow. Closer relations will be seen as threatening by India. A tangible threat would be the troop movements, which would leave Chinese forces free to address the Indo-Chinese border. Before the Sino-Soviet split, India's threat perception was quite high, as it saw a circle of foes from Pakistan to the PRC. The 1989 summit might bring back some of this threatened feeling. Some opportunity may be awaiting the United States in this area.

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[150]William Dunbar, "India in Transition", The Washington Papers, No. 31 (Beverly Hills: SAGE Publications, 1976), p. 68.

The United States should assure India that the USSR-PRC rapprochement will be carefully monitored by the United States, Japan and Korea. This posture is directly in line with the US policy of containment and yet, since it requires no direct peace-time action, would not offend India's sense of non-alignment. India would then be free to pursue its stated mission of patrolling the Indian Ocean in maritime surveillance and power projection. The expectation cannot be, however, to direct India's defense program or exert any other overt influential action. A loose alignment would ensure that India would not act against US interests. This is probably the best short-term solution possible.

In addition to the Sino-Soviet Summit, 1989 will also bring an international conference on the Indian Ocean Zone of Peace concept. In conjunction with the actions prescribed above, the United States, by supporting India's position at the conference, could further cement ties with India. To resist India's hegemony would, at any rate, require a major commitment of US personnel and resources. A US Indian Ocean task force directed against India would face India's current level of two aircraft carriers, 47 major surface combatant ships, eleven submarines, nine patrol boats and 12 amphibious ships, as well as the expected augment of 12 surface

combatants, six submarines and nine patrol boats.[151] The other way to challenge the Indian Navy would be through building up Pakistan's navy. Both courses of action would force India to look to the USSR and, in the worst case, perhaps join in a USSR-PRC alliance. Additionally, either option would provoke severe reaction from India, while also exacerbating regional tensions (there also exists doubt concerning the reliability and professionalism of Pakistan's navy).

Accordingly, the United States must recognize Indian leadership. Doing so will make India more receptive to the United States. If US and Indian interests overlap, the United States can be quite comfortable in knowing that India will not jeopardize those interests and would, in fact, go a long way toward protecting them. In the Indian Ocean, this mean open SLOCs and free trade. The US Navy could remain in the Indian Ocean in a forward deployed status, but the United States should offer co-use of Diego Garcia with India. This diplomatic initiative would include proclaiming the intent to negotiate between Great Britain and India for transfer of the island to India in 2012, when the lease expires.[152] The United

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[151]The Military Balance, 1986-1987 (International Institute for Strategic Studies, 1987), pp. 154-155.

[152]Great Britain gave up claims to all other islands of the so-called British Indian Ocean Territory (so named in

States and Great Britain currently use the island jointly; for a member of the British Commonwealth to join the operation should not cause undue alarm. Such innocuous defense cooperation sets a precedent for future joint operations or training. Even the Soviets could not object to this initiative too loudly, since it would meet with overwhelming approval in India. It provides a way to transition to a new security arrangement in a stable, peaceful manner. In conjunction with US approval of India's new regional role, implementation of such policy would clearly establish an improved US-Indian relationship, and US Indian Ocean position. It may lead ultimately to joint defense operations, and improved US access to Indian ports and facilities.

The US policy shift made in 1984 was critically correct, if late. The double standard long applied to communist China and democratic India is proving glacially slow in lifting. Perhaps the United States has learned a lesson from the Soviets, whose "behavior in Asia has been pragmatic rather

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1965), returning them to the Seychelles. The Chagos archipelago, to which Diego Garcia belongs, was originally part of Mauritius, but is closer to India. As with Hong Kong, the British should prove willing to concede territories claimed in the imperialist era.

than rigidly ideological."[153] Or it may be that the long-heralded "one billion Chinese" population argument in favor of relations with the PRC no longer carries as much weight, since India will surpass China in terms of population by the year 2025.

The decision to approve technology transfer requests to India is important, but not enough. The 1984 to 1986 improvements have been overshadowed by the events of 1987. The 1989 visit by President Bush to the PRC should have been followed or preceded by a visit to India. The United States must give India the political recognition it craves, including recognizing and approving Indian hegemony in South Asia and the Indian Ocean. Through such a strategy "India could be a power that contributes to world stability as the US will see it."[154] India's contribution would mean a lessening of the burden on the US, specifically on the Navy, in helping to maintain stability in the Indian Ocean and the Persian Gulf.

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[153]Robert C. Horn, "The Soviet Union and South Asia", in Francis Fukuyama and Andrzej Korbonski, The Soviet Union in the Third World (Ithaca, New York: Cornell Univ. Press, 1987), p. 210.

[154]Fred Ikle, Undersecretary of Defense for Policy, as quoted in Washington Post, May 4, 1985.

VI. THE CASE FOR A US POLICY SHIFT

The benefits offered within the political arena represent an opportunity for the United States to improve its position in the international order. Failure to grasp this opening with India will not automatically relegate the United States to an untenable position in the world system. The consistent refusal to acknowledge and respond to global changes which are clearly taking place will work to this nation's detriment. As a participant in the transition and in the new system within the Indian Ocean, the United States will be better prepared and more respected as it addresses change in all areas of the world.

One of the risks involved in the policy shift advocated hinges on the Indian-Soviet relationship. Some US defense officials fear that any technology transfers or other cooperative action with India would benefit the USSR. If India had been encouraged in, rather than chided for, its non-aligned stance in the 1950s, this issue would most probably not exist today. Investigating the Indian-Soviet relationship

is a valid pastime, but the evidence points to a decreasing need for US concern.

In a 1982 study, Robert C. Horn concluded that "the instances of the successful exercise of influence by either (India or the Soviet Union on each other) have been rare," adding that "generally, such influence will likely remain limited."[155] In 1987, Horn proposed that India has been the primary focus of Soviet Asia policy since 1955, as evidenced by the stable--though not always very close--relations. With exception to the word primary, this author generally agrees.

Since Horn's work in 1982, however, the Soviet trend toward the PRC has become more evident. Even over the past thirty years, the PRC remained key in the minds of Soviet leadership, who now are leaping eagerly at the chance for rapprochement. The Indo-Soviet relationship cannot escape repercussions from the new Soviet policy.

Gorbachev has made PRC relations a cornerstone of his foreign policy. The Vladivostok speech of 1986 made clear the Soviet recommitment to Asia, with special emphasis on China. Addressing the 27th Party Congress in March 1986, Gorbachev said he was pleased with "a certain amount of improvement

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[155]Robert C. Horn, Soviet-Indian Relations: Issues and Influence (New York: Praeger Publishers, 1982), p. 213, 221.

in...relations with its great neighbor--socialist China...(and) reserves for cooperation between the USSR and China are enormous...(since) what is dearest to both peoples-socialism and peace-is indivisible."[156] No specific mention of India is made in the forty-page address, except to hint that a rapprochement with the PRC will be made "without detriment to third countries."[157]

Relations with the PRC have assumed top priority for the Soviets in Asia. A Moscow television show host claimed "we are confident that...our future is determined by a community of fundamental interests, of the Soviet Union and the PRC."[158] In describing his November 1986 visit to India, Gorbachev stated "the main result of this visit...(is that) it has made it possible to augment the potential for friendship and cooperation between the USSR and India", adding that "we are all-the Soviet Union, India and Pakistan-neighbors".[159] The International Observers at the Roundtable program stressed

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[156]The Current Digest of the Soviet Press, Vol. XXXVIII, No. 8, March 26, 1986, p. 8.

[157]Ibid.

[158]FBIS, USSR, Moscow Television Service, 29 December 1986.

[159]FBIS, 2 December 1986, Moscow Television Service (emphasis added).

that ties to India do "not mean that (the Soviet Union) cooperates with just one state and cooperates less with others. On the contrary, we have a wide range of partnerships in Asia, and Soviet-Indian relations are indeed a model of such mutual relations. Therein lies the value of Soviet-Indian relations".[160] Apparently, then, the Soviets value India mostly for its extrinsic worth.

The May 1989 Sino-Soviet Summit may produce more tangible evidence of the rapprochement. Soviet Foreign Minister Eduard Shevardnazdze traveled to Peking for talks with Deng Xiaoping, Premier Li Peng and Foreign Minister Qian Qichen in February 1989. The meetings produced the expected Sino-Soviet summit plans, and a joint communique on Cambodia as well. China apparently is "keen to show its support for ... Gorbachev's new economic and social reform programmes."[161] Still, Shevardnadze's visit was received by "hospitable but restrained" hosts in Peking, as the PRC "stressed that Sino-Soviet relations will not be the same as those of the

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[160]FBIS, Moscow Domestic Service, 7 December 1986, emphasis added.

[161]Tai Ming Cheung, "Push to the Summit," Far East Economic Review (9 February 1989), p. 20.

honeymoon years of the 1950s."[162] Plans to reduce Soviet troops along the Sino-Soviet border are underway and should be completed within two years. Along with the Soviet withdrawal from Afghanistan, then, the three Chinese sticking points for detente seem to be close to resolution (certainly the summit would not be scheduled if a major difficulty remained). The potential exists, then, for the reforms of both communist giants and their ideologies to bring the two into a loose alliance. According to Robert Manning, both economic and ideological reforms in both nations have served to disintegrate differences between the PRC and the USSR, and will be an "important unifying force."[163] So long as US-Soviet relations remain stable, any broadening of USSR-PRC-India ties need not be seen automatically as a threat to the United States. The situation merits the closest possible attention.

Gorbachev and his reforms have shaken world Communist parties, including the Communist Party of India-Marxist, which comprised less then 5% of the Lok Sabha following the 1984

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[162]Louise do Rosario, "Don't call me comrade," Far East Economic Review (16 February 1989), p. 10.

[163]Robert A. Manning, Asian Policy: The New Soviet Challenge in the Pacific (New York: Priority Press Publications, 1988), p. 45.

elections.[164] Safdar Hashmi of the CPI-M calls perestroika "disturbing", especially since the CPI-M has "defend(ed) the presence (in Afghanistan) of Soviet troops...(but) now the Soviets (are) saying they have no business to be there."[165] India continues to recognize the Soviet-backed Kabul regime, even if the Soviets seem to be giving up. The ideological ties between the small Communist movement in India and the USSR are not significant, but represent another area of potential disruption between the two nations.

Gorbachev visited India in December 1986 and again in December 1988, but the moods of the two meetings were striking in their contrast. The 1986 visit produced the Delhi Declaration which "announced to the world that their global interests now coincide more than ever before."[166] In 1988, however, Gorbachev was "determined to keep the visit ... more low-key than the previous one"; a "subtle shift" was apparent as India realized that "behind the diplomatic facade is the undisputable fact that a Sino-Soviet rapprochement will, in

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[164]Richard F. Nyrop, ed., India, p. 446.

[165]New York Times, January 24, 1989, p. A6.

[166]"The Second Honeymoon", India Today, December 15, 1986, p. 45.

no small measure, intrude upon New Delhi's relations with Moscow."[167]

India certainly is not pleased with the prospect of losing any Soviet trade, especially if it goes to a regional competitor such as the PRC. More critical would be Chinese pressure to cut back on the military supply relationship, a probably course since the PRC has close relations with Pakistan, and views India as a competitor. Thus, even those who have labeled India a Soviet client-state will be forced to admit to an adjustment in the relationship. That change allows for the US diplomatic dispatch prescribed herein.

Another aspect of risk involved in the policy recommended is that US-PRC relations might suffer. The US policy of normalizing relations with the PRC was meant as a powerful addition to the strategy of containing the Soviet Union. With Sino-Soviet rapprochement, the basis for that policy may no longer be valid. Relations with the PRC certainly will remain an important element of US policy, but should not impede progress elsewhere. India and China both show some determination to improve bilateral relations, meaning that the

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[167]Bobb Dilip, "A Subtle Shift", India Today (December 15, 1988), pp. 14-15 (emphasis added).

United States should not consider relations with the world's two largest nations a zero sum effort.

Rajiv Gandhi visited the PRC in December 1988, the first summit of Indian-Chinese heads of state since 1954. Since the "Sino-Soviet thaw has eroded many of the reasons for animosity between New Delhi and Peking," the remaining dispute over the border can now be addressed without the "mutual suspicion" of the past thirty years.[168] Rajiv faces an intractable domestic sector which views any territorial compromise as dangerous, a betrayal of India's legitimate historical claims. Still, he was able to set up a new joint working group, which is seen as more realistic than the eight previous groups of border talks.[169] This realism is seen by Rajiv's critics and supporters as a distinct shift in Indian policy, one that will allow bilateral cooperation apart from the border issue.

Improved relations between India and China are not seen as a positive development by Soviet leadership.[170] The Soviets continually stress the threat to India from China, Pakistan and the United States, since it is this threat perception that

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[168]Rita Manchanda and Robert Delfs, "Return to realism," Far East Economic Review (5 January 1989), p. 10.

[169]Ibid.

[170]Leo R. Wollemburg, p. 33.

has spawned the Indian-Soviet relationship. If that threat is perceived as diminished, the basis for the relationship also will be minimized.

Obstacles for a stronger Indian-US relationship include continuing US-Pakistan military ties, and the inconsistency of the United States as an arms supplier. Rajiv Gandhi has addressed the US propensity for changing conditions of a deal retroactively and thereby cutting off the supply of spare parts.[171] US hesitancy is due to the fact that "the degree to which India should be accommodated is still an open question within the Pentagon."[172] Even while historical enmity continues to aggravate Indo-Pakistani relations, a new optimism has sprung from the "instant rapport" between Rajiv Gandhi and Benazir Bhutto, when they met at the December 1988 SAARC meeting. Both leaders are of the post-partition generation and are unencumbered by "the bitter memories of their elders."[173]

Another political risk involved in the recommended policy shift is in US relations with Pakistan. Pakistan need not

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[171]Washington Post, June 14, 1985.

[172]Dilip Mukerjee, p. 606.

[173]Salamat Ali, pp. 12-13.

suffer from such a move; India has no territorial designs on its neighbor (more Muslims live in India than Pakistan; this fact alone should militate against any aggressive move on India's part). Pakistan should now assume a realistic place in US foreign policy. The inflated position it has enjoyed because of the Afghanistan war is no longer valid. US interests in Pakistan have deflated, although neither the United States or Pakistan seems willing to admit this. The United States should continue to provide moral and some economic support for the administration of Benazir Bhutto. US aid should be substantially decreased, at least to the level of US aid to India ($50 million in 1987, and expected to drop to $25 million in 1989).

A. SUMMARY AND RECOMMENDATIONS FOR US POLICY

The US view of world stability must not remain rigidly dogmatic, tied inflexibly to a bi-polar, anti-communist paradigm. The world is leaving the post-WWII, containment era; the US must not be perceived as overly reluctant in entering a new one. Major power international actors are emerging, such as Japan, India, Germany and Brazil; to ignore this fact may leave the US estranged from the international

system economically, politically and even strategically. The 1980s watershed in the international system is evidenced most pointedly by the following events or movements: 1) the cold war between the superpowers seems to be ending; 2) Sino-Soviet relations are being at least partially repaired; 3) the unilateral supremacy of the US in economic and strategic power is decreasing relative to the increase from new players; and, 4) Indian-Chinese and Indo-Pakistan relations are leaving the post-war and post-partition era, with a new realism apparent on all sides.

Since 1950, US foreign policy has been based on a reactive, negative ideology, namely anti-communism. Following this policy has "ensure(d) a reactive policy constrained by the ideological blinders."[174] US officials have insisted that communist states exporting revolution were the main threat to Third World states. East-West confrontation has been central to discussion of and policy toward nearly every Third World state, either in propping up right-wing, authoritarian regimes as a reward for not turning communist, or in the support of anti-communist counter-insurgencies.

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[174]Peter J. Schraeder, "The Faulty Assumption of US Foreign Policy in the Third World," in Ted G. Carpenter, ed., Collective Defense or Strategic Independence (Lexington, Mass.: D.C. Heath and Company, 1989), p. 166.

A critical inconsistency in US anti-communism became obvious in 1972. Suddenly the United States was befriending a communist nation as President Nixon visited the PRC. Is it possible, then, that the US government version of containment has somehow transformed into the kind first envisioned by George Kennan? That is, has US policy become anti-Soviet, in a traditional balance of power sense, rather than anti-communist, in its broad, ideological form? If this behind-the-scenes transformation has happened, it somehow has failed to impact US policy toward the Third World, a policy which remains rigidly anti-communist/anti-revolutionary.

US policy toward Third World states has been "generally unsatisfactory" due to a "woeful confusion of objectives."[175] Under the Reagan Doctrine, the United States has "oscillat(ed) wildly" from security to ideological justification for policies such as aiding the Nicaraguan or Afghanistan rebels/insurgents.[176] US national security objectives must be the first priority of any foreign policy. Since this is the case, US officials should not attempt to justify policies on

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[175]Ted G. Carpenter, "Benign Realism: A New U.S. Security Strategy in the Third World," in Ted G. Carpenter, ed., op. cit., p. 210.

[176]Ibid, p. 214.

a first premise use of ideology. The conflicts of security in which ideological concerns do assume an equal role with geopolitical issues should be explained as necessary for both reasons. Clarification of US policies and the real rationale behind them would promote a positive image of the United States as a rational actor, rather than a negative image as a moralizing bully. This is particularly true in the Third World.

A second flaw in the rationale behind containment as an security policy based primarily on ideology is that it does not hold true in reverse. That is, US support for liberal, democratic ideals is noticeably lacking compared to the persistent and massive anti-communist effort. The United States must accept the uncomfortable, and so far denied, fact that "the projection of American values has a limited role in US foreign policy."[177]

US policy toward the Third World owes much of its failure to former Secretary of State John F. Dulles. Dulles condemned the principle of neutrality as "immoral", thus sentencing all nations espousing non-alignment to US wrath, and creating

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[177]Terry L. Deibel, "Neither with US Nor Against Us: Revisiting an 'Immoral and Short-sighted Conception'," in Ted G. Carpenter, ed., op. cit., p. 199.

anti-American sentiment. Rather than deleting non-alignment from the globe, Dulles' virulent stance served only to enhance the already anti-colonial/anti-Western tenor of the Non-Aligned Movement. The perceived arrogance of the US insistence on conformity to its anti-communism seriously prejudiced Third World opinion. Dulles' equanimonous acceptance and encouragement of "containment's world-splitting tendencies" is puzzling since it actually made the world more prone to dangerous crises, and committed the United States to expensive, disadvantageous alliances.[178]

The United States should now recognize non-alignment as a respected, viable foreign policy. As the generally acknowledged leader of the Non-Aligned Movement, India would accept such policy gladly. The resulting improvement in US-Indian relations would allow for progress in the areas of security and economy.

Secondly, US policy should shift to positive recognition of Indian hegemony in South Asia and predominance in the Indian Ocean.

Third, US businesses should be encouraged to actively increase economic ties with India, thereby adding to the

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[178]Ibid, p. 201.

incentive for improved relations and drawing India more fully into the world market system. Aid to Pakistan should drop to a reasonable level, and should be of a non-military nature. The current aid package should be withdrawn until such time as Pakistan seriously disavows the nuclear option.

Implementation of the policies recommended herein will allow more flexibility in the US commitment to Indian Ocean surveillance. It will dramatically improve the US image among developing nations and the Non-Aligned Movement. It would seriously impede any potential Indo-Soviet military cooperation. It will serve as a potential power balance against future Sino-Soviet cooperation. Finally, this policy includes prospects for mending and strengthening relations between the world's two largest democracies, an objective in keeping with positive US ideological goals.

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